ONTARIO ECONOMIC OUTLOOK

MEETING THE CHALLENGES

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Ministry of Treasury and Economics
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I. INTRODUCTION

Ontario faces a challenge of fundamental economic renewal. The scope of the challenge is unlike anything we have experienced since the Great Depression. Major changes are required in what we produce, how we produce it, and where we sell it. Major changes are also required in the way our society makes economic and social decisions.

Economic renewal means restructuring our industries to achieve high levels of employment in well-paying, high value-added jobs. It means improving training programs and developing a culture of life-long learning. It means encouraging continuous innovation in products, processes and organizations. It means better programs to help individuals and firms adjust to the consequences of change, and a fairer distribution of incomes. It means better integration of our economic and environmental goals, and addressing the special adjustment problems of northern and rural communities. It means redefining the role of government in the economy, and finding better ways for governments in Canada to manage our economic union.

This introductory chapter summarizes a number of factors affecting the economic renewal agenda, and reviews the general policy framework that has been established by the Government. Subsequent chapters explore Ontario's strengths and challenges in greater detail.

The Challenges in Context

Ontario is well positioned to meet the challenges of economic renewal. It has a well educated and growing labour force. It has superior transportation and communications networks, and a secure supply of energy. Geographically, it is located in the centre of the North American marketplace. It also enjoys good social programs, a good track record on environmental preservation, and a high quality of life — factors that are increasingly important in winning the kinds of investment needed for sustainable prosperity.

These advantages will have to be better exploited in the 1990s. The 1990-91 recession brought into clear focus the need for fundamental economic renewal in Ontario. Combined with other factors, it is also making it more difficult to achieve our economic renewal objectives. The main pressures for economic renewal — and the factors affecting its pace — can be summarized as follows:

- **Ontario faces continuing social and fiscal problems related to the severity of the recession.**

  - In terms of job loss, the recession was the worst since the 1930s. The unemployment rate rose to over 10 per cent last June, meaning half a million Ontarians were unable to find work. Unemployment has been particularly severe for prime-age workers with families.

  - Social assistance caseloads have risen dramatically — about one million people are currently supported by Ontario's welfare and family benefits programs. The cost of social assistance more than doubled in the last two fiscal years, from $2.6 billion in 1989-90 to an estimated $5.3 billion in 1991-92.

- Many factories and businesses responded to the downturn by closing permanently, rather than slowing production or closing temporarily. This recession has affected all areas of the province, but permanent closings have meant particularly severe adjustment problems for people in some of Ontario's smaller communities, where there are few alternative employers and only modest prospects for investment and economic diversification.

- The Provincial deficit rose significantly, primarily as a result of recession-related expenditure increases and a sharp decline in revenues. Part of the deficit increase was due to direct policy initiatives to support job creation.

■ **The Province is expecting a cyclical recovery that will be weak by historical standards.**

- The Ontario economy has begun to emerge from the recession, but annual growth in the 1992-95 period is expected to average only 3.6 per cent, compared to 6.0 per cent during the 1983-86 recovery. A sluggish and uncertain U.S. recovery, continuing high real interest rates, a high dollar, and low corporate profits are the main factors constraining the recovery in Ontario.

- Unemployment and social assistance caseloads are expected to remain high throughout the forecast period. On current assumptions, the unemployment rate will not fall below 8 per cent until 1995. A large number of individuals will experience unemployment spells lasting over six months, and risk becoming permanently unemployed.

- A relatively weak recovery, combined with other factors, will make it difficult for businesses to finance the investments required to ensure their long-term competitiveness. The sharp drop of investment during the recession was a setback for economic renewal.

■ **The Ontario economy is undergoing major structural adjustments, many of which have been accelerated by the recession.**

- Because of its heavy dependence on trade, Ontario is vulnerable to the increasing globalization of the world economy. We are facing increased competition in many of our traditional export markets, especially from low-wage producers in the third world. International prices are low for many of our key agricultural and resource products. We are also experiencing accelerated import penetration in some of our domestic markets, due, in part, to tariff reductions under the General Agreement on Tariffs and Trade and the Canada-U.S. Free Trade Agreement.

- Many of Ontario's manufacturing industries continue to have productivity levels considerably below their U.S. counterparts. Moreover, our overall rate of productivity increase has been low compared to that of the advanced industrial countries. There are a number of reasons for this, including inadequate capital investment, insufficient training, and low levels of domestic research and development. Also relevant is the branch-plant organization of much of the Ontario manufacturing sector. While a more global orientation is beginning to emerge, many Ontario businesses are still struggling to make the transition to greater specialization in high value-added products that are competitive on the world market.

- Ontario's manufacturing costs have been growing more rapidly than those of our American competitors, even in domestic currency terms. This is due, in part, to slow investment in industrial restructuring. A second explanation is the differential rate of growth in average hourly rates of compensation in manufacturing. (The average real wage of Canadian workers remained roughly constant over the 1980s, while the real wage of American workers fell significantly.)

- **Ontario's difficulties are being exacerbated by the economic and fiscal policies of the federal government.**

  - The high real interest rates engineered by the Bank of Canada in 1989 and 1990 were the major determining factor in the timing and severity of the recession. Real rates are beginning to come down, but remain too high. They forestall the necessary investment in economic renewal, especially by small businesses and farmers.

  - High interest rates drove the Canadian dollar to a thirteen year high relative to the U.S. dollar. The dollar is at an artificial, unsustainable level, given the underlying cost performance of the two economies. Exporters are suffering from the high dollar. Over the medium term, investment in Canada could be discouraged by an inappropriate exchange rate.

  - The Free Trade Agreement has accelerated structural changes in the economy. High interest rates and a high dollar are making it difficult for Canadian businesses to capitalize on the new opportunities the free trade deal was supposed to bring. Simultaneously, they encourage imports and cross-border shopping. In addition, the level of federal adjustment assistance for firms, sectors and workers has been disappointing.

  - There have been major cutbacks in federal support for social programs. Beginning in November 1990, eligibility for Unemployment Insurance was tightened, and the maximum length of benefits was shortened. This has resulted in increased need for provincial social assistance. More importantly, tremendous pressures have been placed on Ontario's deficit by cuts in federal support for health, education and social assistance programs.

The Policy Framework

This paper provides information on many of the points summarized above, as the basis for consultations leading to the 1992 Ontario Budget. The Government welcomes all suggestions for dealing with these issues. In preparing their observations and suggestions, commentators may wish to consider the policy framework established in the 1991 Ontario Budget [1], and subsequent ministerial announcements.

The main elements of the Government's approach to economic renewal are summarized below.

- **Economic renewal means raising living standards and improving working conditions.** The Government has a modern, positive view of competitiveness, based on raising productivity. It is strongly opposed to the view that Ontarians must inevitably lower their economic expectations — that we must compete by accepting lower real wages, poorer working conditions, a degraded environment, and restrictions on our rights to bargain collectively. The pursuit of cost advantage through reductions in workers' living standards and bargaining rights is not acceptable. That would defeat the ultimate purpose of improved competitiveness — improved living standards for all Ontarians.

- **Ontario must restructure its economy in the direction of higher value-added goods and services.** This is the key to sustainable prosperity. It is only through the development of a higher value-added economy that Ontario will be able to increase its standard of living. Economic policies will have to be tailored with this objective in mind. Innovation needs to be supported, especially at the level of small businesses and start-ups. New ways need to be found for financing investment in strategic, leading edge sectors of the economy. Equitable arrangements must be devised for shifting resources out of declining sectors into expanding ones. Most importantly, the quality and flexibility of the labour force must be improved, through better education and training, and the development of a culture that values education and training as a continuing, life-long process.

- **The Government's role in economic renewal is to facilitate and encourage change.** Economic renewal does not mean massive government intervention in the economy, or expensive new programs. In the modern world, nations compete largely on the basis of the skills, ideas and organizational abilities of their people. The Ontario Government will work, within serious fiscal constraints, to help businesses and workers adjust successfully to rapidly changing circumstances, and to encourage them to work constructively together. A greater emphasis on worker training is essential. At the same time, new approaches are needed to increase the involvement of employers and worker representatives in the design and delivery of training programs.

- **Partnership is the key to managing change and achieving productivity gains.** Improved machinery and equipment play a critical role in raising productivity, but the successful introduction of new technology depends on skilled workers and good relations in the workplace. Good labour-management relations lead to productivity improvements — through greater employee participation in shop floor decisions, enhanced quality control,

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1 For further reference, see "Budget Paper E: Ontario in 1990s," in Ontario Ministry of Treasury and Economics, *1991 Ontario Budget*, 1991, p.85-101.

reduced work time lost through absenteeism and work stoppages, and more appropriately targeted training programs. For these reasons, the Government is seeking, through public consultations, to arrive at a more balanced set of rules to govern labour-management practices in the province. As mentioned above, a partnership approach is also being pursued in the training area. Partnership must be improved, as well, among the different levels of government in Canada.

- **Economic renewal requires the protection and enhancement of social programs**. Social programs play a key role in facilitating economic change by lowering the risks to individuals and supporting labour adjustment. The Government is open to reforms that will improve the cost-effectiveness of social programs, but is very concerned about the potential for a competitive bidding down of service standards in the name of economic efficiency. Such a course would be highly inequitable, corrosive of national unity, and counterproductive in the long run. The Government of Ontario has proposed a Social Charter for the constitution to help protect social programs and national standards.

Organization of the Paper

- **Chapter II** of this paper presents information related to employment, wages and labour market skills. It begins by reviewing some of the important changes that have occurred in the Ontario labour market since the early 1980s. It then examines the impact of the 1990-91 recession on workers and their families, and concludes with a discussion of the short- and medium-term employment outlook.

- **Chapter III** provides a sectoral perspective on the nature of the structural challenges facing the Ontario economy. Ten sectors are identified. For each sector, there is a review of economic performance over the 1980s, and an examination of the impact of the recession, including some of its regional implications. This is followed by a discussion of the issues affecting the sectoral outlook to 1995.

- **Chapter IV** provides a four-year macroeconomic forecast. The assumptions underlying the forecast are given, along with an assessment of the forecast risks. The chapter also includes a discussion of several key issues, notably the joint problem of high real interest rates and a high Canadian dollar.

Chapter summaries provide an overview of the material. An Appendix provides historical data on some of the key economic variables discussed in the paper.

II. The Labour Market Outlook

Summary

The quality of the labour force is a key determinant of an economy's productivity and wealth. Ontario's labour force of 5.3 million ranks among the best in the world. Half of Ontario's labour force has some post-secondary education—up from 30 per cent in 1980. Our labour force is young, but will mature gradually over the coming decade, becoming more experienced and productive. The province's labour force participation rates are among the highest in the industrialized world. The supply of labour will continue to grow at a healthy rate throughout the 1990s, due in part to the high levels of immigration planned by the federal government.

Structural Change Over the Past Decade

The 1980s were a decade of significant change in the Ontario labour market. The workforce had grown quite rapidly during the 1970s as the large cohorts born in the late 1950s and early 1960s began entering the job market. Labour force growth slowed in the 1980-85 period, but accelerated later as the result of high net migration from other provinces in mid-decade and rapidly rising immigration after 1986. Growth brought notable changes in the composition of the Ontario labour force by sector, occupation, age and sex.

Job creation through the decade was strong, notwithstanding the 1981-82 recession. However, with rapid labour force growth and dramatic changes in the type of skills demanded by employers, the unemployment rate was slow in declining. Although it fell to 5.1 per cent by 1989, the average rate was 7.3 per cent for the 1980s, compared to 5.9 per cent for the 1970s, and 3.6 per cent for the 1960s.

Better educated workers found good employment opportunities. Jobs in management and administration increased more rapidly than jobs in all other categories. Women's employment in managerial and professional jobs increased significantly, from low levels.

Less educated workers had a more difficult time. Many people who were laid-off in the 1981 recession found it difficult to get good jobs once the economy began to emerge from the recession. Long-term unemployment continued at high levels well into the recovery. Short-term employment grew somewhat during the 1980s, reflecting changes on both the supply and demand sides of the market—workers sought more flexibility in order to manage family and other responsibilities, while employers sought more casual attachments in order to reduce costs and increase their capacity to respond to rapidly changing market conditions.

For the economy as a whole, wages remained more or less constant, after adjusting for inflation. This is explained, in part, by the large number of young workers, the slower growth of labour demand in manufacturing compared to services, and insufficient investment in productivity enhancement. Family incomes rose, but only because more family members had jobs. Younger families saw little improvement in their incomes, and were worse off than comparable families in previous generations. Families headed by elderly persons made notable gains during the 1980s, primarily through the enrichment of government transfer programs. Nevertheless, the elderly still have low incomes compared to other families.

The Impact of the Recession

The 1990-91 recession had a severe impact on Ontario. Job losses were higher than in any recession since the 1930s. Ontario's job losses accounted for about 80 per cent of the national total. One worker out of every ten is now unemployed, and workers unemployed for more than six months now account for 22 per cent of total unemployment, compared to 14 per cent last year.

The burden of unemployment has fallen especially hard on workers with lower levels of education and on those in low-paying occupations. For example, many clerical workers were affected by this recession. Workers in jobs requiring high levels of education have generally fared better.

The 1992-95 Outlook

Over the next several years, unemployment is expected to decline slowly. The labour force will continue to expand and will become more diverse. High immigration levels and efforts to improve opportunities for aboriginals, racial minorities, and women will contribute to this change. The number of workers with high levels of education will continue to rise, building on the substantial gains of the past two decades. However, labour market partners will need to continue to work together to ensure enhanced opportunities and educational upgrading for people with low skill levels and other disadvantages. Improved levels of education and training will be a key factor in Ontario's ability to achieve equitable structural change.

II. The Labour Market Outlook

Structural Change Over the Past Decade

The Ontario labour force experienced significant structural change over the past decade.

In 1991, 72 per cent of workers are employed in service-producing industries, up from 65 per cent in 1981. Over the 1983-89 period, average annual employment growth was 6.2 per cent for the advanced service industries, such as engineering, computer services, consulting, advertising and architecture. Employment growth averaged 4.9 per cent for business services, such as finance, insurance and legal services. In terms of employment, the business services sector in Ontario is now larger than the automotive industry. Within manufacturing, employment growth was strong in auto assembly, auto parts, and furniture, but was negative in such industries as rubber, metal fabricating, and petroleum refining. Employment also declined in agriculture and mining.

These changes were accompanied by changes in the occupational distribution of the Ontario workforce. Over the 1980s, the fastest growing occupational group was management and administration. There was fairly rapid growth in clerical jobs for women. Slower growing occupations included machining and farming.

The age profile of the workforce changed sharply. In 1991, workers under the age of 25 account for 18 per cent of the labour force, compared to 25 per cent in 1981. The average age of the workforce was reduced in the late 1970s and early 1980s by the large cohorts at the end of the Baby Boom who were being absorbed into the labour market. With smaller numbers of young entrants, the labour force is now gradually aging.

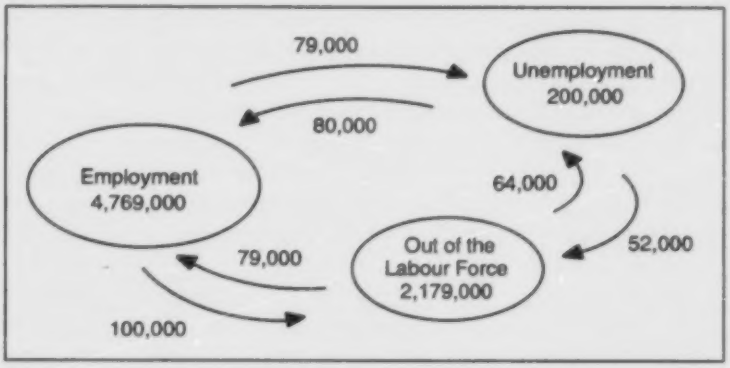
Women greatly expanded their role in the paid labour force. In 1991, women fill approximately 46 per cent of all jobs in the Ontario economy, compared to 42 per cent a decade ago. The female labour force participation rate increased from 56 per cent at the beginning of the 1980s, to 61 per cent at the beginning of the 1990s. By comparison, the male participation rate remained relatively constant at about 79 per cent, before declining in the 1990-91 recession. Over 64 per cent of women with pre-school age children now participate in the labour market.

The geographical distribution of the labour force changed as well, following changes in the distribution of the population as a whole. With a booming economy and high levels of net migration, the Greater Toronto Area grew from a population of 3.4 million in 1981 to an estimated 4.0 million in 1990. This area now accounts for 41 per cent of the province's population and 43 per cent of its labour force. In contrast, Northern Ontario experienced a slight decline in population.

These trends reveal a labour force that is adjusting dynamically to the needs of both workers and employers. Change in the labour market takes place through thousands of individual employment decisions. About 450,000 people change their labour force status in Ontario every month. People enter and exit the labour market for a variety of reasons. Young people tend to be quite flexible in their labour force attachment and move back and forth freely among school, part-time employment, and full-time employment. Women tend to enter and exit the labour force more frequently than men, mainly for family reasons.

In 1990, almost 60 per cent of workers had been in their jobs for less than six years. The flow of individuals from one job to another, and from one labour market status to another, is influenced by factors such as age, education, and experience. Increasingly, opportunities for further education and training are a key consideration in a person's employment decision.

Ontario Average Monthly Labour Market Flows
1990



Note: Figures within circles represent people who did not change their labour force status.
Source: Statistics Canada.

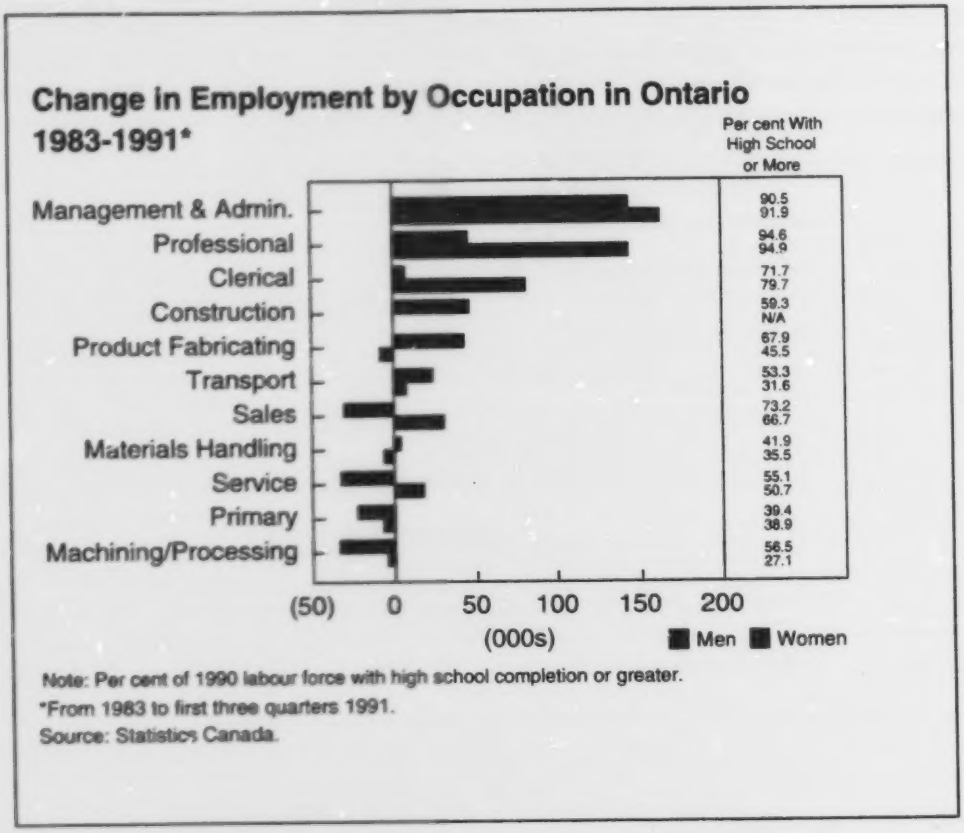
Strongest Growth in Occupations Requiring Higher Levels of Education

Since 1983, job growth in Ontario has been concentrated in highly paid, knowledge-intensive occupations.

Over the 1983 to 1991 period, the participation of women in the workforce increased steadily, and employment opportunities were closely linked with educational achievement. The fastest growing occupation for women was management and administration, an area where 92 per cent of the female workforce has completed high school. The second fastest growing group for women was professional occupations, such as nursing, teaching and law. While women managers and professionals have earnings well below their male counterparts, these are the highest paid occupations for women.

Occupations requiring higher levels of education also grew the fastest for men, with management occupations showing the greatest growth. Growth in professional fields was less pronounced, with much of it concentrated in natural science and engineering. Areas of declining employment, such as services and machining/processing, had less educated workforces. However, there were still good employment opportunities for men in some areas that did not require significant formal education. These included skilled occupations in construction, fabricating, and transportation.

The working experiences of men and women differ in a number of respects. Female workers are paid significantly less than male workers in the same occupations. Men have experienced higher job losses than women. For men, job losses since 1983 have occurred in both low and high paying occupations, while job losses for women have been concentrated mainly in lower paying, lower educated primary jobs such as farming, and materials handling.



One-Third of Ontario Workers Are in "Non-Standard" Jobs

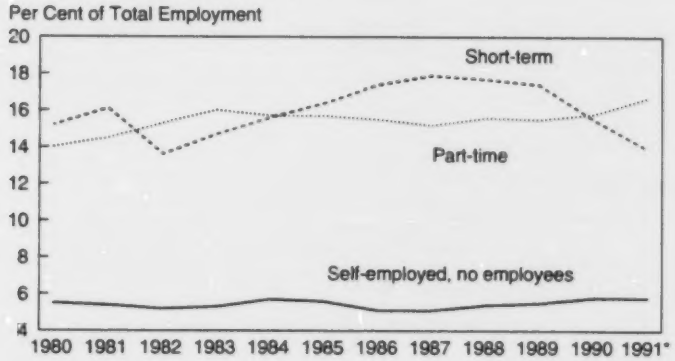
About 32 per cent of the labour force works in non-standard jobs. This category includes part-time jobs, jobs whose duration is less than seven months, and work by the self-employed who do not themselves have employees. The share of non-standard employment has been increasing slowly (the comparable figure in 1975 was 29 per cent).

The economic recovery and expansion of the mid-1980s brought a noticeable increase in the number of short-term job attachments. However, part-time employment remained constant between 1983 and 1990, at just under 16 per cent of total employment.

During recessions, the number of temporary jobs declines, and the number of part-time jobs rises. In some cases, this reflects reductions in the hours of full-time employees, or reluctance by employers to take on new full-time staff. In 1991, 22 per cent of all part-time workers in Ontario indicated they would like a full-time job if one were available.

In many cases, non-standard forms of employment are the workers' preferred choice because they provide greater flexibility for managing work, family and social responsibilities. However, employees in these kinds of jobs generally have less job security than those in permanent, full-time jobs, and are likely to turn to government, rather than their employer, for retraining, income support, pensions and other forms of assistance.

Non-standard Employment in Ontario



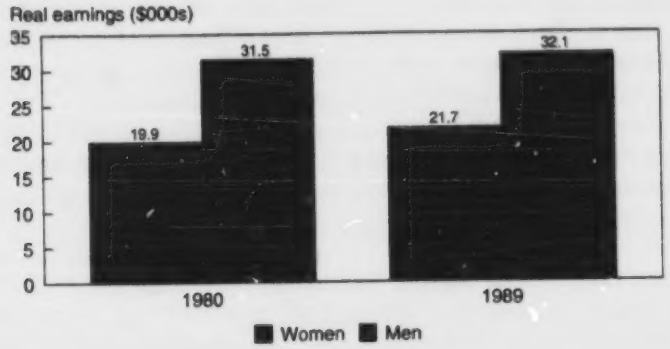
* First ten months.
Source: Statistics Canada.

Real Wages Have Been Flat

Average earnings at the end of the 1980s were unchanged from the beginning of the decade, after adjusting for inflation. Earnings from the average full-time, full-year job were $18,389 in 1980 and $32,513 in 1989. After adjusting for inflation (1986 dollars), the earnings were $27,611 in 1980 and $27,932 in 1989.

Women's earnings grew faster than men's, largely because of the growth of women's employment in the higher paid professional and managerial occupations. Average earnings of females in full-time, full-year jobs increased from 63.1 per cent of the male level in 1980 to 67.4 per cent in 1989. The average earnings in 1989 were $37,417 for men and $25,205 for women. The gap is attributed to a number of factors, including total hours worked, years of work experience, educational attainment, and gender-based discrimination.

Ontario Real Average Earnings

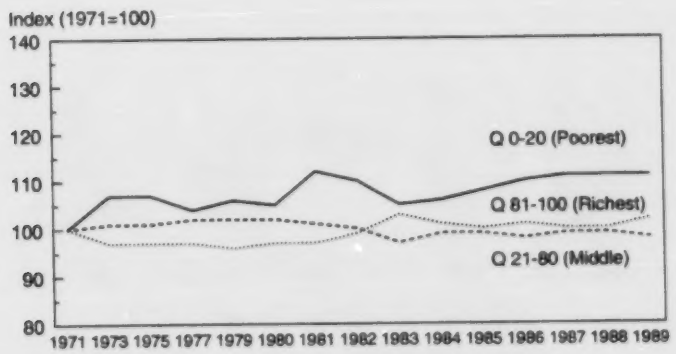


Note: Earnings in constant 1986 dollars.
Source: Statistics Canada.

Income Shares Remain Fairly Constant

There have been no significant shifts over recent decades in the share of total income captured by either the poorest 20 per cent or the richest 20 per cent of families in Ontario. In 1989, the poorest 20 per cent of families accounted for about 7 per cent of total family income in the province compared to about 6.5 per cent in the early 1970s. The richest 20 per cent of families took about 39 per cent of total family income, compared to almost 38 per cent two decades ago.

Index of Total Family Income by Quintiles(Q) in Ontario



Source: Statistics Canada.

Growth of Incomes of Younger Families Is Lagging

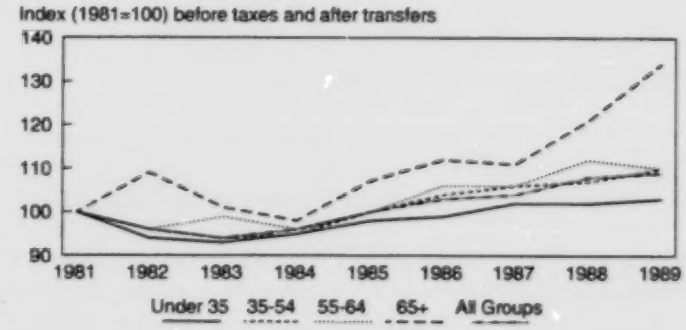
Over the 1981-89 period, the median family income in Ontario increased from about $46,500 to $50,500 (1989 dollars), a rise of 9 per cent. The median family income level is over two times that of the poverty income level for a family of three living in large metropolitan centres. In 1989, Statistics Canada's low income cutoff—commonly referred to as the poverty line—was just over $23,000 for a family of three living in large metropolitan areas. The cutoff is higher for larger families and lower for families in smaller communities where housing costs are often lower. The growth of two-earner families helped raise family incomes and soften the impact of slow growth in individual earnings. Persons in families account for about 85 per cent of the population.

Younger families experienced slower income growth than older families. The median income for families headed by persons under age 35 grew by about 3 per cent during the 1980s, compared with 10 per cent for families headed by persons 35-64, and 34 per cent for families headed by elderly persons.

The large number of young Baby Boomers in the labour market in the early 1980s tended to depress the earnings of the youngest age group. This group typically has less seniority when there are layoffs. In addition, strong growth in the number of lone-parent families has contributed to the low incomes of younger families. Roughly 30 per cent of all lone-parent families in Ontario were headed by women under age 35 in 1988.

Incomes for families headed by persons aged 65+ improved significantly in the 1981-89 period, primarily as a result of increased government transfers to seniors. In spite of the increase, elderly families still experience the lowest level of family income compared to other family groups. In 1989, the median income of elderly families was just over $35,100. This was 30 per cent below the provincial median of $50,500. However, the needs of elderly families are often less than those of younger families, and their assets are frequently more.

Ontario Median Real Family Income
by Age of Head of Family



Source: Statistics Canada and Ontario Ministry of Treasury and Economics.

The Impact of the 1990-91 Recession

The recent recession has hit Ontario harder than any other province. Between February 1990 and February 1991, total employment in Ontario dropped by 260,000. Although Ontario accounts for 38 per cent of the national labour force, the province accounted for roughly 80 per cent of the jobs lost in Canada during this period.

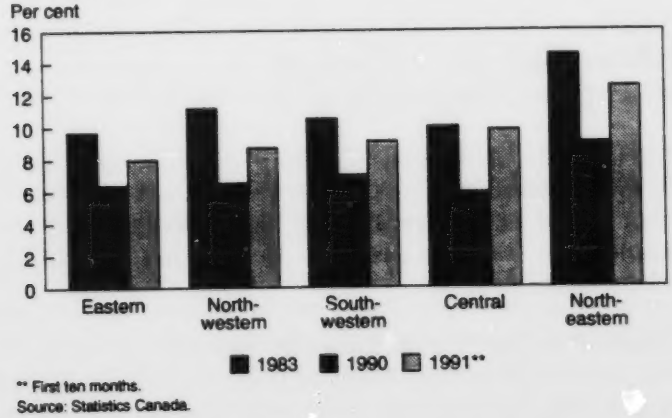
The unemployment rate almost doubled during the recession, from 5.2 per cent in April 1990 to 10.2 per cent in June 1991. The number of unemployed workers rose from 272,000 to 544,000. Since the peak in June 1991, the unemployment rate has begun to decline slowly, although it increased slightly in October 1991.

All Regions Affected by Rise in Unemployment

The recession has been more widespread than downturns in the past, affecting even communities with well-diversified economies such as the Greater Toronto Area. In Central Ontario, the unemployment rate jumped from 5.9 per cent in 1990 to 9.8 per cent in 1991, the largest increase among the regions.

Both Central and Southwestern Ontario are heavily dependent on manufacturing and the auto industry in particular, sectors which have been adversely affected by the downturn in the North American auto industry. Eastern Ontario, which recorded an unemployment rate of 8.0 per cent in 1991, has been hard hit by layoffs in the chemical and textile industries. Across the North, communities based on lumbering and the pulp and paper industry are experiencing difficulties due to low prices, overcapacity and increased recycling. Northeastern Ontario has been hard hit by iron and uranium mine closures, as well as difficulties in the steel industry.

Ontario Regional Unemployment Rates



** First ten months.
Source: Statistics Canada.

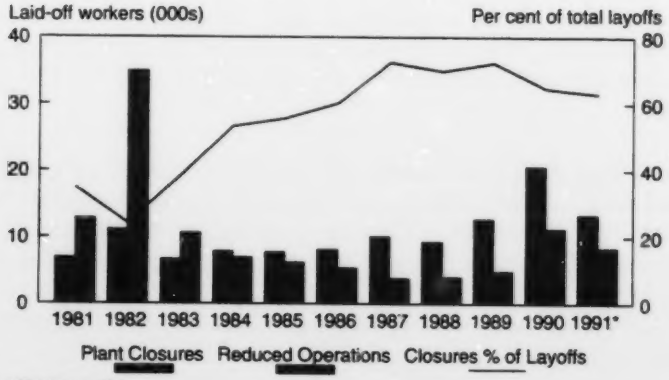
More Permanent Plant Closures

The 1990-91 recession in Ontario also differed from earlier recessions in the extent of plant closures. Layoffs due to plant closures over the past year have been almost double that experienced during the last recession.

In 1990, 20,554 workers lost jobs in permanent plant closures involving 50 or more workers. By comparison, 11,150 workers were affected by permanent shutdowns in all of 1982.

While major layoffs account for only a small share of persons entering unemployment, these data suggest that many workers will not be recalled to their former positions and will need to be retrained for new types of work.

Major Layoffs in Ontario



* First ten months.
Source: Ontario Ministry of Labour.

Unemployment Rates Highest for Workers Who Have Not Completed High School

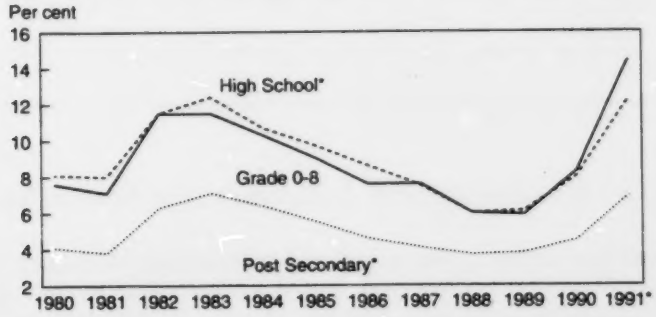
The impact of job losses on occupations requiring lower education levels can be seen in the unemployment rates for less educated workers. In 1991, those who never reached high school had an unemployment rate of 14.4 per cent, much higher than the 11.5 per cent peak reached in 1983. The unemployment rate for people with a partial or completed post-secondary education is 6.9 per cent so far in 1991.

More than a quarter of the labour force—29 per cent of males and 25 per cent of females—has not completed high school. Many of these workers are 45 years of age and over. Since older workers generally have broader work experience to offer employers, they tend to have lower unemployment than younger workers. In 1991, the unemployment rate for older workers without a high school diploma was 9.7 per cent, compared to 20 per cent for young workers without a high school diploma.

Prompted by reduced job prospects and employers' increasing demand for more highly educated workers, many young workers are returning to school to complete or upgrade their education. Over the last ten years, the number of students re-entering day school after dropping out has more than doubled. Between 1980 and 1989, the proportion of total secondary school enrolment represented by students returning to school rose from 3 per cent to 8 per cent.

There has also been a dramatic increase in the number of persons 25 years and older enroled full time in college and university programs. In 1990, 20 per cent of university full-time enrolment consisted of such non-traditional students.

Ontario Unemployment Rate
by Educational Achievement



* Partial or Completed Education.
** First ten months.
Source: Statistics Canada.

Long-Term Unemployment Increasing for Both Men and Women

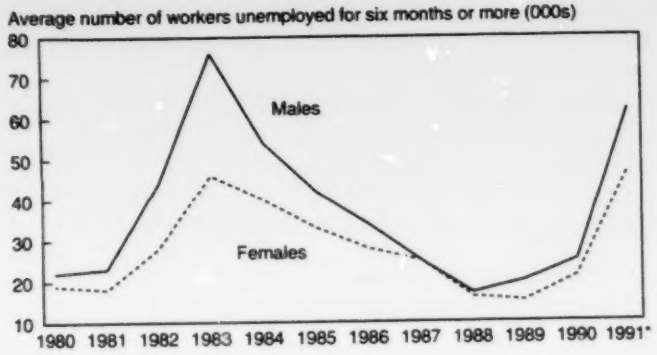
More than 100,000 workers in Ontario have been looking for jobs for more than six months. This number will grow in 1992 since many of those laid-off in the past six months will not find new jobs immediately, despite the upturn in the economy. The peak in the number of long-term unemployed is expected to exceed the 121,000 recorded in 1983 following the 1981-82 recession.

Already, more women are long-term unemployed than in 1983, because fewer women are withdrawing from the labour force when laid off, and because 1991 job losses were high in some female-dominated occupations such as clerical work.

Most people who have been unemployed more than six months are between 25 and 44 years of age. In 1991, this age group accounted for 57 per cent of long-term unemployment, up from 45 per cent in 1983. By comparison, the long-term unemployed in 1983 were often under age 25. The youth share has declined from 31 per cent in 1983 to 17 per cent in 1991.

The average long-term unemployed worker in 1991 has not worked for 47 weeks.

Ontario Long-Term Unemployment



* First ten months.
Source: Statistics Canada.

Greater Reliance on Unemployment Insurance and Social Assistance

Eleven per cent of the adult population age 15 and over in Ontario is now receiving benefits under either the Unemployment Insurance or social assistance programs. This figure does not include dependants such as spouses and children.

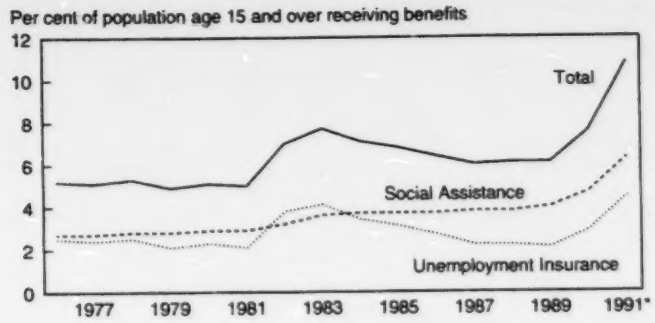
The share of the adult population receiving benefits is higher than at any time since the 1930s. (The 1983 peak was 7.7 per cent.)

The major cause of the recent increase in social assistance cases has been the rise in unemployment. Other factors include growth in the number of lone-parent families, a refugee determination system that encourages claimants to seek social assistance as soon as they arrive in Canada, and rule changes aimed at promoting fairness in the social assistance delivery system. Changes in the federal Unemployment Insurance program that took effect in November 1990 have caused some workers to exhaust their U.I. benefits sooner than they would have under the old rules. Many of these workers fall back on savings or a spouse's earnings for income support, but others — estimated at 10-13 per cent of U.I. exhaustees — turn to social assistance.

The share of the population receiving U.I. benefits follows the unemployment rate fairly closely. This is true to a lesser extent for the social assistance caseload, which includes many persons not normally expected to work, notably those with serious disabilities.

Sixty-two per cent of persons receiving unemployment insurance are male, and the remaining 38 per cent are female. Twenty five per cent of persons in households receiving social assistance are adult males, while 33 per cent are adult females; another 42 per cent are children.

Ontario Unemployment Insurance and Social Assistance Recipients



* First eight months.
Source: Statistics Canada and Ontario Ministry of Community and Social Services.

The 1992-95 Outlook

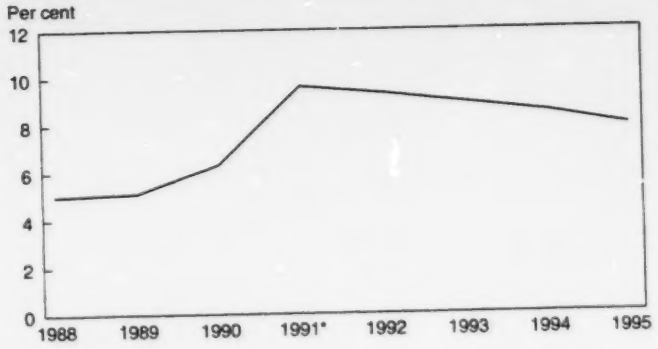
Ontario's employment levels will begin to improve due to modest economic recovery and job gains during the 1992-95 period.

Unemployment Rate to Decline Slowly

Ontario's unemployment rate is expected to average 9.6 per cent in 1991, up from 6.3 per cent in 1990. So far in 1991, the unemployment rate for men is 10.1 per cent, a full percentage point higher than the rate for women. Throughout the 1980s, women's unemployment rates exceeded those of men. The youth unemployment rate has risen to an average of 15.6 per cent for the first ten months of 1991, compared to an average of 10.5 per cent a year ago.

In 1992, the unemployment rate is forecast to average 9.3 per cent, easing only slightly as discouraged workers return to the labour force. The rate is expected to remain above 8 per cent until 1995, given the slow economic recovery, high immigration and continuing increases in participation rates.

Ontario Unemployment Rate



* Estimate for 1991.
Source: Statistics Canada and Ontario Ministry of Treasury and Economics.

Long-Term Unemployment Will Persist During the Economic Recovery

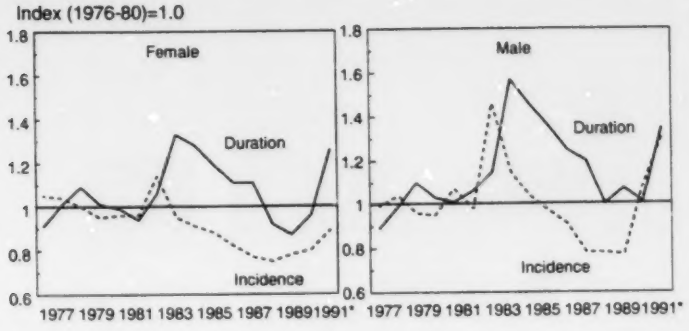
Unemployment has two components: the incidence of unemployment, i.e. the probability that a worker will become unemployed, and the duration of unemployment.

During a recession, both the incidence and the duration of unemployment jump sharply. The average duration of unemployment increased from 13.8 weeks in 1990 to 18.2 weeks in 1991. The incidence of unemployment rose from 23.7 per cent of the labour force in 1990 to 27.5 per cent in 1991. The sharper increase in incidence for men than for women reflects primarily the job losses in the male-dominated manufacturing and construction industries. The incidence of unemployment may return to normal levels fairly quickly after a recovery begins as layoffs decrease and job opportunities grow. However, the duration of unemployment may remain high for several years. Following the 1981-82 recession, the average duration of unemployment peaked at 20.4 weeks and did not return to pre-recession levels until 1988.

Unlike the previous recession, when women were unemployed an average of 18.8 weeks compared to 21.6 weeks for men, the duration of female unemployment in 1991 is almost equal to that of men, 17.8 and 18.6 weeks respectively.

The problem of long-term unemployment is likely to persist until the mid-1990s. The proportion of unemployment that is long-term (22 per cent) is, however, lower in Ontario than in other major industrialized OECD jurisdictions, except the United States.

Ontario Incidence and Average Duration of Unemployment



* First ten months.
Source: Statistics Canada.

Labour Force Growing and Becoming More Diverse

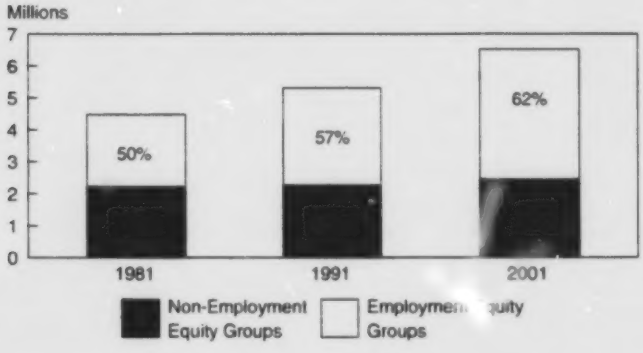
During the 1990s, Ontario's labour force will grow at an average annual rate of 2.0 per cent per year — about the same as the average annual growth during the 1980s. Labour force growth will be due primarily to the large number of new immigrants seeking work, and to continuing increases in the labour force participation of women.

Currently, about 61 per cent of all Ontario women age 15 and over participate in the labour market, up from about 56 per cent in 1981. Female participation rates are expected to keep growing in the 1990s. In contrast, the participation of men in the labour force has fallen from 80 per cent in 1981 to its current level of 77 per cent.

Under current federal immigration targets, immigration to Ontario in the 1992-95 period will be about 125,000 people per year — 12,000 more than in 1990, and three times the level of 1984. About 55 per cent of immigrants to Ontario intend to enter the labour market immediately on arrival, but a larger percentage eventually does so. Most forecasts of slower labour force growth and labour supply shortages have not incorporated the federal government's immigration planning targets for the 1991-95 period.

Based on projections, employment equity groups — aboriginals, persons with disabilities, racial minorities and women — will make up about 62 per cent of the Ontario labour force in 2001, compared to 57 per cent today.

Ontario Labour Force



Source: Statistics Canada and Ontario Ministry of Treasury and Economics.

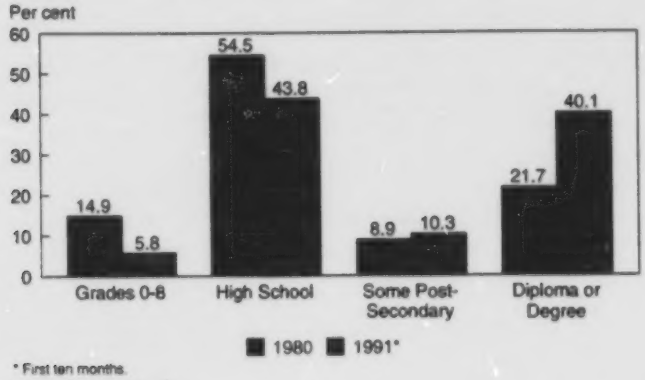
Education Level of the Labour Force Is Rising

Half of Ontario's labour force have at least one year of university or college education—up from roughly 30 per cent in 1980. This reflects the major investments made in post-secondary education over the past quarter century, as well as the aging of the labour force.

The increase in the educational level of Ontario's labour force during the 1980s has eliminated the long-standing gap between the educational levels of its adult labour force and that of the United States. Canada also ranks high on an international scale in terms of its technical skills. The OECD's 1991 report on main science and technology indicators notes that Canada is competitive with other industrialized jurisdictions in terms of R&D scientists, engineers, and researchers. With 38 per cent of the national labour force, Ontario contributes substantially to the country's international standing.

Higher levels of education, skills upgrading and lifelong learning are important for the well-being of Ontario workers and the productivity of the province's workplaces. Ontario's high and increasing level of educational attainment will continue to be one of its strengths for economic renewal.

Ontario's Labour Force by Educational Attainment



* First ten months.
Source: Statistics Canada.

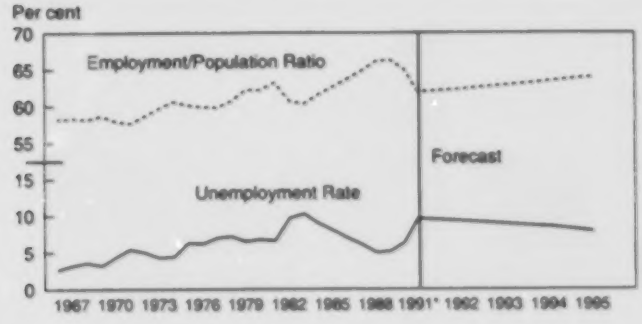
Modest Job Growth, Yet High Unemployment

In 1989, Ontario had a higher proportion of its working-age population employed than any other major industrial jurisdiction. The Ontario employment to population ratio was 66 per cent, compared to 63 per cent for the United States, 61 per cent for Japan, and 52 per cent for Germany.

Ontario's employment and population will continue to grow modestly during the 1992-95 period. Employment growth is forecast to range from 2.1 per cent in 1992 to 2.7 per cent in 1995, while the working-age population is expected to increase at about 1.5 per cent annually until the mid-1990s. However, unemployment is expected to remain high by historical standards, and will decline slowly from 9.3 per cent in 1992, to 7.9 per cent in 1995.

The 1990s will see co-existence of high employment levels and high unemployment. This is usually seen by economists as a sign of structural mismatches in the labour market. Workers are available, but they lack the qualifications to be considered for the jobs that are vacant. In 1989, 38 per cent of Ontarians aged 16 to 69 had reading skills that were not sufficient to meet everyday demands, and 36 per cent were not able to deal with common numeracy tasks. As the employment and occupational mix of the labour force continues to change, both the basic and technical skill levels of the workforce must rise. Increased flexibility of the labour force and improved levels of education and training will be key factors in achieving economic renewal in Ontario.

Ontario Unemployment Rate and
Employment-to-Working Age Population Ratio



* First ten months.
Source: Statistics Canada and Ontario Ministry of Treasury and Economics.

III. Sectoral And Community Economic Outlook

Summary

This section of the Ontario Economic Outlook reviews the performance of major sectors that make up the provincial economy. Included in the discussion of each sector, or grouping of industries, is an historical overview, an examination of the impact of the recession and a medium-term outlook. The relationship between sectoral shifts and community economic development is also covered. In addition, there is a brief discussion of the shifts in demand for infrastructure that have been taking place as knowledge and innovation become more important to all sectors of the economy.

The Pressures for Structural Change

An important theme throughout this outlook is that, along with the sharp cyclical swings of the past decade, the Ontario economy has been undergoing major structural changes. Economic restructuring is a continuous process in modern economies. The forces that lead to restructuring include changes in technology, regulation, demographics, consumer preferences and international market conditions.

The pace of restructuring in Ontario has been accelerated by a number of additional factors: particularly, new types of competition based on innovation, technology and strategic partnerships between firms, workers, suppliers and customers, changing trade relationships; the high value of the Canadian dollar; and global competition for investment.

Major Trends in the 1980s

The rapid pace of restructuring has led to significant adjustment pressures for many industries, individuals and communities in Ontario. The extent of industrial restructuring is measured by shifts in key economic indicators, such as employment, output and trade patterns.

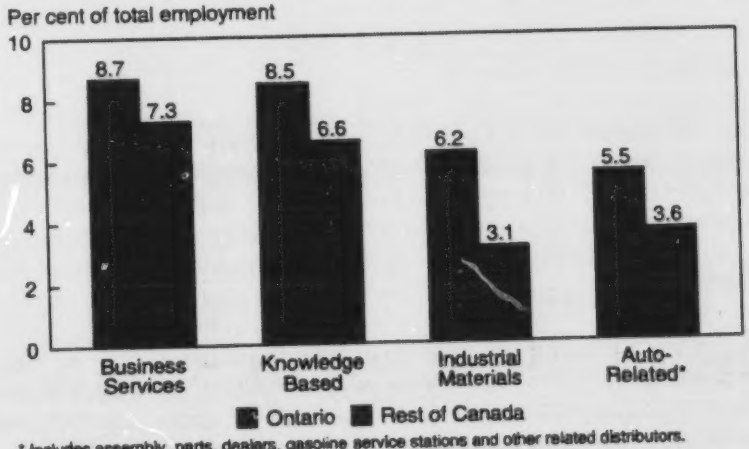
During the 1980s, Ontario's share of North American auto assembly and parts capacity increased dramatically, contributing substantially to the integration of Ontario's manufacturing sector into the Great Lakes economy.

Ontario's economy has been slowly shifting away from the production of consumer products such as furniture, carpets, and shoes, towards the higher value-added business services and knowledge-based industries such as engineering, communications equipment, aerospace and publishing. As a result, our trading relationship with other countries is also changing. We are importing more consumer products, but at the same time exporting more high technology goods and services.

The relative share of agriculture, food and resource industries in the Ontario economy declined during the 1980s, reflecting slow growth of demand, increasing supply, technological change and low prices for these products on world markets.

These structural shifts over the past decade have increased the differences between Ontario's economy and that of the rest of Canada. Ontario has a larger proportion of the industries which grew most rapidly; in particular, business services, knowledge-based industries and the auto sector.

Ontario's Sectoral Strengths, 1990

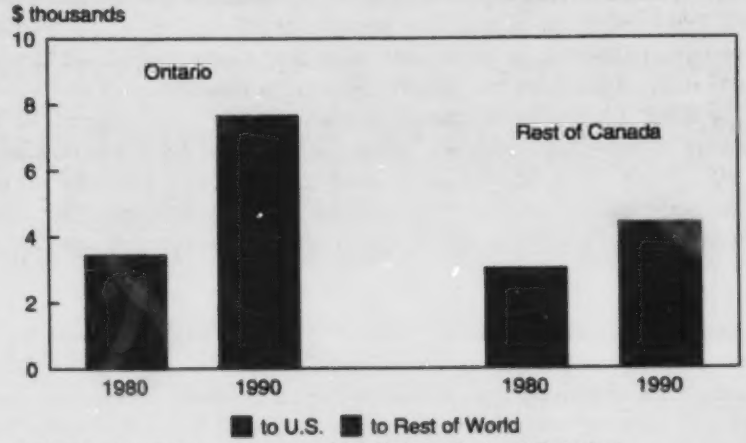


* Includes assembly, parts, dealers, gasoline service stations and other related distributors.

Source: Statistics Canada and Ontario Ministry of Treasury and Economics.

Ontario has also become much more export-oriented than the rest of Canada, and sends a larger proportion of its exports to the United States.

International Exports per Capita, 1980 & 1990



Source: Statistics Canada and Ontario Ministry of Industry, Trade and Technology.

These sectoral shifts have had a major impact on community growth patterns in Ontario. Between 1983 and 1989, Central Ontario benefited from exceptional growth in the auto sector, strong growth in financial services and knowledge-based industries, and a boom in construction. Metropolitan Toronto and the four surrounding municipalities — the Greater Toronto Area — continued as the growth pole in a larger industrial corridor that extends south to Windsor-Detroit and Buffalo, and east to Ottawa-Montreal. Rural and resource communities were less able to capitalize on growth in the 1980s. Many grew at less than the provincial average, with a number of communities experiencing a loss in population.

The 1992-95 Outlook

Over the 1992-95 period, the Ontario economy will experience a moderate recovery with a very different composition of growth from that of the mid-1980s.

Knowledge-based industries, some **emerging industries** and especially **business services** share a similar positive outlook. Throughout the forecast period, these sectors will grow faster than the economy as a whole. The stepped-up demand for business modernization and investment will spur growth in these sectors. They will play a key role in the transition of all sectors of the economy toward higher value-added production of goods and services. The business services sector is expected to become more closely integrated with the Great Lakes market. Much of the impetus for further integration comes from the need to meet new demands from an internationally-oriented manufacturing sector.

Construction, and **the auto sector** (including dealerships and gasoline retailers), will not contribute as much to growth as in the 1983-1989 period. The outlook is for construction to grow in line with the economy and for the auto sector to grow only slightly faster. Rapid growth in residential construction is expected to be offset by weak commercial construction. North American auto demand appears to have matured, so that the auto sector recovery will be weaker than in the mid-1980s. Slower growth in auto sales will put pressure on the industry to increase quality and reduce costs to attract customers. Auto parts producers face increasing responsibility for product development, quality and cost control.

At the same time, technological change is allowing manufacturers to reduce materials consumption in pursuit of productivity growth. This will constrain growth in **industrial materials** and **resource-based industries**. Growth in demand for resources will also be weakened by competition within the industrial materials sector leading to increased material substitution. The environmental emphasis on reducing, reusing and recycling will also slow consumption of resources.

Moderate growth is expected in the **consumer products and distribution** and **tourism and hospitality sectors**. The **agriculture and food** sector is expected to expand more slowly than the economy. These industries share the need to respond to changing consumer demands and increasing import penetration. The restructuring that was particularly evident in manufacturing throughout the 1980s has spread to the consumer products and distribution sector. Cross-border competition will continue to propel the consumer products and distribution system (trucking, wholesale and retail trade) to innovate and reduce costs while improving variety and service to meet U.S. competition.

The same forces that are affecting industrial sectors will also shape community economic development. The scope of the recovery in many **rural and northern communities** will be influenced by modest growth in agriculture, continued weakness in the resource sector, and the likely persistence of low international prices. The **401 corridor**, and the **Greater Toronto Area** in particular, will continue to be a magnet for in-migration. However, growth will not be as explosive as it was between 1984 and 1988 due to slower growth in head offices, financial services, and commercial construction.

III. Sectoral And Community Economic Outlook

Infrastructure Provides Foundation for Economic Growth

All segments of Ontario's economy are dependent on its extensive and efficient physical and social infrastructure. Public and private investments in infrastructure influence business location decisions and have a positive impact on an economy's capacity to generate incomes and jobs. Infrastructure improvements also have a positive impact on the environment and on the quality of life. Social infrastructure, including education, has expanded more rapidly in the past decade than physical infrastructure.

Physical and Social Infrastructure Sector

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Transportation, Communications & Utilities[b]	625	6.2	1.7	5.5
Education, Health & Welfare[c]	542	14.8	3.2	2.4
Public Administration[d]	698	6.0	1.1	0.6
Total	**596**	**27.0**	**2.4**	**2.7**
Economy	520	100.0	2.3	-2.9

[a] Excluding overtime.
[b] Excluding trucking and air transportation.
[c] Excluding universities.
[d] Federal, provincial and local government.
Source: Statistics Canada, 72-002.

With the economy shifting towards information-intensive production and distribution, the pressure for physical infrastructure (telecommunications, energy, transportation and water and sewer networks) is also shifting. This section looks at some of the most prominent of these shifts in public and private **physical infrastructure**.

Telecommunications services are a rapidly growing input in the higher growth sectors of the economy. For industries such as finance, business services, tourism and communications, investment in telecommunications, both by the public networks and by the users themselves, constitutes a basic and increasingly important infrastructure.

The industry's network modernization programmes are substantially improving Ontario's technological infrastructure in terms of capability, reliability and flexibility. For example, 90 per cent of local switching equipment is expected to be converted to digital exchanges by 1994. Increasingly, the industry is deploying fibre optics in the telecommunications network.

Improved efficiency and modernization will continue to result in the introduction of new and enhanced telecommunication services.

Since 1986, long distance telephone rates have declined and the outlook for the 1990s is one of continued reduction and restructuring of rates.

Telecommunications Intensity By Major Users, Canada, 1971 to 1986

Sector	Telecom Intensity[a]		Average Annual Growth
	1971	1986	Real GDP
	%	%	%
Finance, Insurance & Real Estate	4.2	6.5	5.0
Wholesale/Retail Trade	2.7	5.3	4.9
Community, Personal and Business Services	2.4	4.7	6.6
Transportation & Storage	1.6	3.4	4.0
Communications	4.3	8.0	8.9
All Industries (Excl. Government)	**0.6**	**1.5**	**4.5**

[a] Telecom intensity is defined as expenditure on telecommunications input as a proportion of total non-labour intermediate inputs.

Source: Dr. Dale Orr, Chief Economist, Bell Canada, "The Contribution of Telecommunications to Economic Growth", 1991.

Electricity accounts for an increasing share of total energy consumption, having risen from 13 per cent in 1973 to 18 per cent in 1989. Electricity consumption is expected to grow more slowly than the economy, reflecting increased emphasis on conservation and efficiency.

- Although consumption growth is slowing in some areas, office automation and the increasing use of appliances, electronics, and entertainment equipment in the home are increasing electricity consumption by the commercial and household sectors. This increase has only been partially offset by the declining energy intensity of the industrial sector with the shift in the economy away from resource-based industries.

The share of energy provided by **natural gas** has also risen, from 28 per cent in 1976 to 31 per cent in 1989. However, a slower recovery of the construction sector compared to the mid-1980s will result in a slower expansion of the local gas distribution network. Shifts in the economy towards electricity and natural gas have been at the expense of oil and coal.

Marine and rail transportation infrastructures have experienced declining utilization because of slow growth in resource production.

- The marine industry, which has been built up around the transportation of a small number of time-insensitive bulk goods such as wheat, iron ore, coal and limestone, has been in a downtrend for 20 years. During the 1980s, for example, cargo traffic through the Welland Canal fell by half.

- Tonnage of outgoing Ontario rail traffic declined by 25 per cent between 1980 and 1989, with significant declines in iron ore, nickel-copper ores, pulpwood logs, diesel fuel and limestone. Ontario's share of Canada's outgoing rail traffic fell from 25 to 18 per cent through the decade. Rail shipments from Ontario to the United States countered this trend, rising from 15 to 23 per cent in the decade.

- For the 1990s, the railways are focusing on their high-density traffic lines linking Ontario to national and U.S. markets and to Canadian and U.S. ports. Their traffic base is increasingly bulk commodities, new automobiles, and intermodal shipments (container and trailer loads of manufactured goods).

The need by industries such as autos and auto parts for just-in-time delivery illustrates the strategic importance of **highways**. Major highway improvement projects and plans include building Highway 407 north of Metro Toronto, widening the QEW between Stoney Creek and St. Catharines, completing Highway 403 west of Hamilton and between Burlington and Oakville, widening Highway 401 between Woodstock and London, and building Highway 416 south from Ottawa. Efficient road transportation links with the United States remain critical because of Ontario's economic orientation to the Great Lakes states. As well, the international **airport** network is increasingly important to meet business travel and air cargo needs effectively. The terminals at Pearson airport, for example, are being modernized to provide more efficient travel.

Along with this increasing pressure for roads and air travel, new concerns about air quality, energy efficiency and public access are expected to increase the focus on **public transit**, particularly in densely populated areas where traffic congestion limits the capacity of streets to move goods and people. While environmental concerns have increased awareness of the importance of upgraded levels of **sewage treatment** and **water quality**, Ontario's move to the principle of "pollution prevention" — which stresses the need to reduce and eliminate the discharge of toxic contaminants — will place more pressure on the sources of contaminants, rather than treatment at the "end of pipe".

Knowledge-Based and Emerging Industries to Support Recovery

The knowledge-based sector includes R&D-intensive, high-technology manufacturers, advanced services, universities, machinery and equipment manufacturers, cultural industries, and business and labour organizations. These industries are grouped together because knowledge is their primary input and the main factor determining their success. They depend on highly-educated, creative people and play a pivotal role in generating and spreading innovations in technology, products and workplace organization.

Knowledge-Based Sector

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Advanced Services[b]	698	2.5	6.2	-4.4
R & D-Intensive Mfg.[c]	669	2.1	3.0	-9.6
Machinery & Equipment Mfg.[d]	613	1.3	-0.6	-12.4
Business & Labour Organizations	570	0.4	-2.2	-16.9
Universities	569	1.6	2.4	4.6
Cultural[e]	556	0.5	1.5	8.3
Total	**639**	**8.5**	**2.7**	**-5.5**
Economy	520	100.0	2.3	-2.9

[a] Excluding overtime.
[b] Engineering, computer services, consulting, advertising and architecture.
[c] Communications equipment, scientific equipment, aerospace, pharmaceutical and computer equipment.
[d] Industrial and electrical.
[e] Publishing, film and theatre.
Source: Statistics Canada, 72-002.

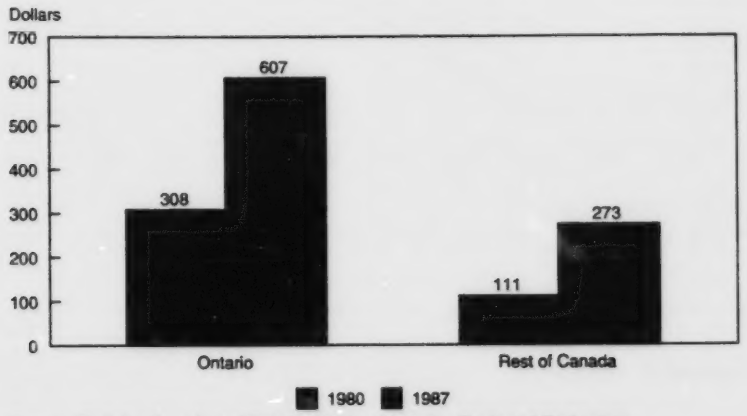
The knowledge-based sector remains at the forefront of technological change and will play a key role in transforming the Ontario economy towards higher value-added production. Advanced services, such as computer software and business consulting, are the largest component of the sector and are directly involved in business upgrading. R&D-intensive manufacturers produce technologically-sophisticated products used by business. Machinery and equipment producers are slowly developing flexible manufacturing processes that will help the economy move away from traditional mass production techniques. Universities are directly involved in spreading knowledge that workers can use in all industries. These knowledge-based industries are an integral part of the economic infrastructure, and thus are more important to the Ontario economy than is suggested by their 8.5 per cent share in total employment.

The knowledge-based sector also includes many of the new industries that will lead Ontario's future, such as environmental protection, biotechnology, medical instruments and opto-electronics. The environmental protection industry, for example, has expanded into a $2 billion a year market with almost 30,000 employees, producing various pollution prevention and abatement and waste management goods and services.

Growth in knowledge-based industries—especially advanced services—has supported growth in major urban centres, such as the Greater Toronto Area and the Ottawa-Carleton region. The locational benefits of inter-firm linkages, ready pools of highly skilled labour and advanced infrastructure have helped attract and develop knowledge-based industries.

R&D-intensive manufacturers depend greatly on exports and have remained generally competitive. They export half of their production and sell another quarter to the rest of Canada. Ontario's dominant position in Canada is reflected in its nearly 60 per cent share of Canadian R&D-intensive manufacturing exports and relatively high exports per capita compared to the rest of Canada. Ontario's share of world export markets has remained relatively stable at around three per cent.

R&D-Intensive Manufacturing Exports
Per capita, 1980 & 1987



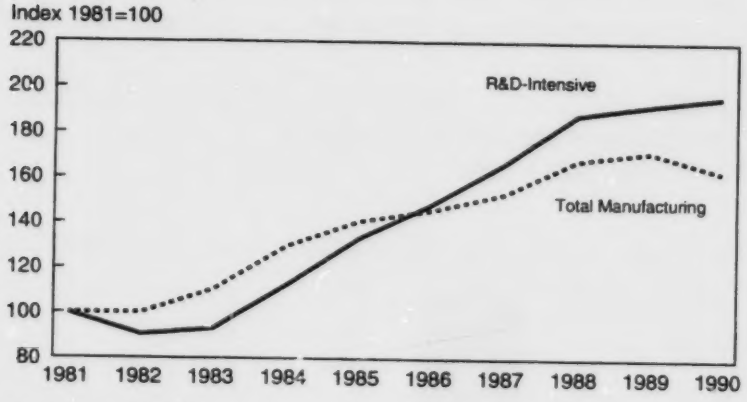
Source: Statistics Canada and Ontario Ministry of Industry, Trade and Technology.

R&D-intensive manufacturing shipments have increased rapidly—doubling since 1981—reflecting a strong growth trend similar to that in the United States. Contributing to the strong growth, telecommunications and computer equipment manufacturers have invested heavily in technology development. They account for a third of all industrial R&D performed in Ontario, including 61 per cent of the increasingly important software R&D.

Recession Impact

The knowledge-based sector experienced a 5.5 per cent decline in employment in 1990. The percentage drop was less than in manufacturing but greater than in the economy as a whole. However, within the sector some industries such as R&D-intensive manufacturing enjoyed continued growth in shipments during the recession.

Shipments of R&D-Intensive Manufacturing vs. Total Manufacturing, 1981-1990



Source: Statistics Canada.

Outlook and Issues: 1992-95

Continuing technological change, industrial restructuring and a recovery in North American machinery and equipment investment will sustain a positive outlook for knowledge-based industries. Growth in this sector will be stronger than the recovery in GDP.

Nevertheless, R&D-intensive and machinery and equipment manufacturers remain under pressure to improve technological performance to ensure growth. R&D intensity in relation to sales continues to lag behind that of competitors in the United States and abroad in most industries except communications and computer equipment. Improved performance in industry training also remains critical to ensure continued growth. Complementary investments in worker and management training will need to play a key role if gains in technology and investment are to be realized.

Business Services to Resume Strong Growth

The business services sector includes finance, insurance, employment agencies, lawyers, air transportation, accounting and the security services industries. This sector is a large and fast-growing component of the Ontario economy, whose efficiency in supplying everyday business needs has been a source of competitive strength. Rapid changes in information and communications technologies and office innovations are increasingly affecting business services and other industries. The upgrading of job skills is becoming necessary throughout the economy in order to keep up with technological change and ensure continued growth.

Business Services Sector

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Finance	564	3.8	5.4	1.8
Insurance Carriers	666	1.2	0.4	6.2
Accounting & Legal Services	618	1.0	5.2	3.6
Air Transportation	651	0.5	7.5	2.9
Employment Agencies	314	0.8	6.7	-26.1
Security Services	292	0.4	7.2	-1.0
Miscellaneous Services[b]	408	1.0	4.9	-1.1
Total	**536**	**8.7**	**4.9**	**-1.3**
Economy	520	100.0	2.3	-2.9

[a] Excluding overtime.
[b] Such as messenger and secretarial services.
Source: Statistics Canada, 72-002.

Over the past decade, employment in business services grew rapidly, averaging 4.9 per cent per year, compared to 2.3 per cent for Ontario as a whole. The high concentration of head offices has helped underpin business demand for services. Over two-thirds of Canada's top 500 corporations and many foreign affiliates are headquartered in Ontario, many in the Greater Toronto Area.

Most business services have enjoyed some insulation from foreign competition in home markets. Canadian and provincial regulatory policies place limits on foreign participation, while professional accreditation requirements exist in areas such as accounting and legal services. Many domestic firms enjoy a competitive edge based on proximity to and knowledge of local business customers. Nevertheless, increasing global competition in domestic and foreign markets will continue to challenge business service industries. Developments in communications and information technologies are reducing the barriers of distance in serving business customers.

While most business services operate largely in the domestic market, during the 1980s the banking and insurance industries, which are dominated by large, successful, Canadian-owned firms, have increased their orientation toward the North American market. Life insurance companies, for example, now earn about one-third of their premium income abroad, mainly in the United States.

Recession Impact

The business services sector was less affected by the recession than other industries, with employment edging down in 1990 by just 1.3 per cent. Some industries continued to grow, most notably the insurance and financial industries. After declining in 1990, employment in the security and legal services industries started to show signs of recovery in 1991. However, employment in air transportation has fallen in 1991, following strong gains in recent years.

Outlook and Issues: 1992-95

The business services sector is expected to grow faster than the economy as a whole, though not as quickly as during the previous economic expansion from 1983 to 1989.

As the Ontario economy becomes increasingly oriented to the U.S. market, new opportunities will arise for the Ontario business services sector. Finance and insurance industries are in the strongest position to benefit, given their experience in servicing Canadian-based firms and the beleaguered state of many competitor U.S. banks. Segments such as air transportation will face greater competitive challenges. Finally, others such as security and employment agencies will essentially retain their domestic market orientation. Growth in these industries will therefore depend largely on growth in the economy in general.

Developments in information and communications technologies are expanding the role of business services while intensifying global competitive pressures. As well, the streamlining of middle management and administrative functions in Ontario head offices will result in more contracting out and increased demand for specialized business services such as legal and accounting services.

Construction Recovery to be Led by Residential Activity

The construction sector includes residential, commercial, and engineering, industrial and institutional subsectors. Residential and commercial construction account for approximately 70 per cent of construction activity and are cyclical in nature. Residential construction is driven by prices, incomes, interest rates, consumer confidence and demographic factors such as the age structure of the population, migration, and the size of households. Commercial construction is determined mainly by vacancy and interest rates.

- Construction employment fell from 230,000 in 1976 to 202,000 in 1983, then led the recovery with a 58 per cent increase by 1989.

- The sharp recovery of housing and renovations following the 1981-82 recession was the result of pent-up demand, strong immigration, falling interest rates and increasing family incomes.

- Growth in commercial construction reflected growth in the knowledge-intensive and business services sectors. In Metro Toronto, for example, office employment grew by 34 per cent in the 1983-89 period, while new office space increased by 24 per cent.

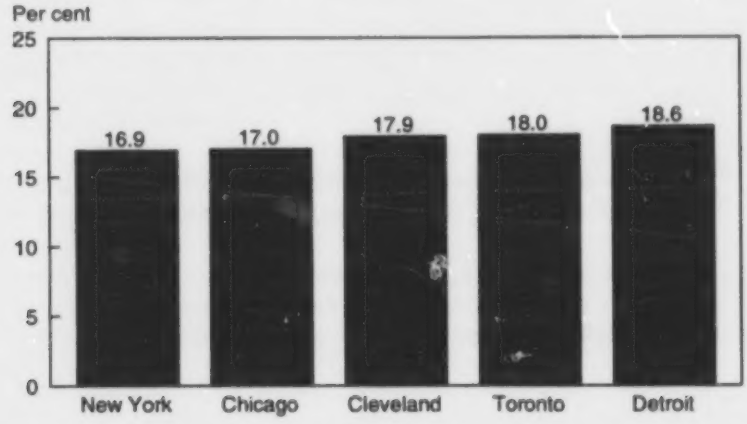
The cyclical nature of this sector has implications for other sectors of the economy. The most direct of these is the impact on demand for industrial materials and resources.

Recession Impact

The construction industry was severely affected by the recession, experiencing a 17.1 per cent decline in employment over the twelve months ending February 1991.

Housing starts have fallen almost 50 per cent since the 1987 peak of over 105,000 and median resale house prices in the Toronto area have fallen almost 20 per cent from the March 1989 peak. Commercial starts in January-September 1991 were down by 59.4 per cent compared to year-earlier levels, while office rents have declined 18.4 per cent. Commercial vacancy rates in Toronto have climbed to 15 per cent. This excess supply of space is found in most of the major Great Lakes cities and may lead to increased competition for tenants by developers on both sides of the border.

Office Vacancy Rates, Summer 1991



Source: CB Commercial.

Outlook and Issues: 1992-95

The medium-term outlook is for a stronger recovery in residential construction than for the economy as a whole. Within the residential segment, single family housing and renovation activity will grow the fastest. With lower nominal interest rates and restrained house prices, housing affordability has improved.

As a result of the high level of commercial construction in the 1980s, available commercial space currently exceeds demand, especially in the Greater Toronto Area. This area has been hurt by recent weakness in the financial and retailing sectors. While many new commercial projects have been cancelled or postponed, excess space will continue to grow in the short term due to

the completion of large projects already underway. Commercial construction is expected to remain weak for several years.

Institutional and engineering construction, which rely predominantly on government expenditure, are not expected to vary significantly from their traditional levels. Similarly, industrial construction will remain flat.

Automotive Sector Linked to U.S. Prospects

This industry has undergone rapid change during the past two decades. The auto assembly industry now faces offshore competition and increasingly stringent government environmental and energy regulations for their products. Changes by assemblers are affecting other aspects of the industry -- auto parts, tires, auto dealerships, and gasoline retailing.

Automotive Sector

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Motor Vehicle Assembly	719	1.1	3.5	-7.4
Motor Vehicle Parts	601	1.5	2.8	-8.2
Auto Dealers	581	0.8	2.9	-3.6
Gasoline Service Stations	274	0.7	2.3	-0.5
Other Auto-Related Distributors	457	1.5	1.0	0.7
Total	**544**	**5.5**	**2.4**	**-4.2**
Economy	520	100.0	2.3	-2.9

[a] Excluding overtime.
Source: Statistics Canada, 72-002.

Over 90 per cent of Canada's **auto assembly and parts** industries is located in Ontario. Both industries are highly oriented to the North American market, exporting 90 and 75 per cent of their output, respectively.

Between 1982 and 1989, the Ontario assembly and parts industries grew 122 per cent, in contrast to 66 per cent for the U.S. industries. The auto parts sector was the faster growing, realizing a 130 per cent increase in output and a 40 per cent increase in employment.

Given the consolidation of assembly activity in the Great Lakes area, Ontario's strategic location was an important reason for this growth. Communities which benefited from auto

sector expansions and new plants include Oshawa, St. Thomas, Windsor, Brampton, Cambridge, Alliston and Ingersoll.

Other contributing factors included the favourable exchange rate, the ability of Ontario's infrastructure to support just-in-time production processes and low health care costs in Ontario compared to the United States.

The auto sector has led manufacturing towards just-in-time processes, which has meant greater reliance on computers, telecommunications, air freight and trucking and lower inventories.

Recession Impact

Given its strong export orientation, the Ontario industry has been severely affected by the 20 per cent drop in U.S. auto sales from the peak of 16.3 million units in 1986.

Real shipments of auto parts fell by 22 per cent over the two model years 1990 and 1991. This contrasts with the 15 per cent rise between the 1986 and 1989 model years which the industry achieved during a period of generally declining auto sales. The decrease was due to the combined impact of a further decline in U.S. auto sales and the high Canadian dollar. In contrast, assembly output in Ontario has not been falling. Increased production from new plants has offset declining production from existing plants. Communities most impacted by layoffs and closures were Port Hope, Barrie, the Kitchener-Waterloo area, Hamilton, St. Catharines-Niagara, Chatham, St. Thomas and Windsor.

The tire plant closures affecting Barrie and Kitchener-Waterloo were the result of the combined impact of the recession on tire demand and global overcapacity.

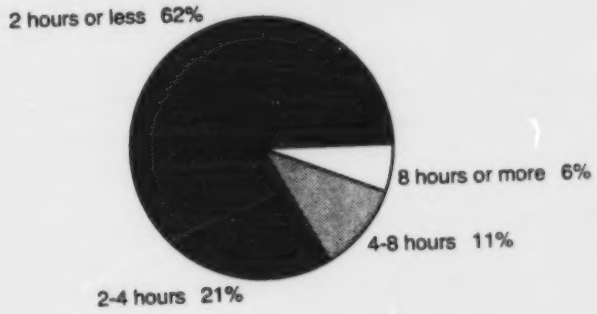
The recession has also resulted in reduced employment in auto and gasoline retailing. Employment in car dealerships was 24.9 per cent lower in the first six months of 1991 compared to the same period in 1990. In the gasoline retailing sector, employment fell 22.8 per cent over the same period.

Outlook and Issues: 1992-95

During the next four years, Ontario assembly production will increase faster than GDP, in line with a recovery in U.S. vehicle sales. However, the recovery is not expected to be as strong as it was in the 1983-86 period. The U.S. market for autos may be saturated.

Ontario's auto parts manufacturers are expected to recover in the medium term in line with the recovery in U.S. sales. While their recovery will be affected by the level of the Canadian dollar, their locational advantage will remain important in future years. The following chart shows that 62 per cent of Ontario's auto parts production is in product lines which assemblers prefer to have in close proximity to their plants. The following chart also shows that only 6 per cent of Ontario's production is in product lines that can be easily transported long distances. This limits Ontario's vulnerability to competition from more distant low-wage jurisdictions. Given the high concentration of North American auto assembly activity in the Great Lakes area, this is an indication that the parts industry is exploiting Ontario's locational advantage.

Ontario Auto Parts Production by Just-In-Time Delivery Category Preferred by Assemblers, 1988



Source: Roger Miller (Université du Québec), Statistics Canada and Ontario Ministry of Treasury and Economics.

Nevertheless, even within the Great Lakes area, auto parts manufacturers will face increasing pressures with the maturation of the auto market. The relationship between auto assemblers and parts manufacturers will continue to change resulting in a more competitive parts industry. Assemblers are already seeking to reduce the number of suppliers they deal with and consolidate their supplier base. In addition, they are requiring parts producers to increase quality and reduce costs. They are also giving increased responsibility for auto parts development to parts producers.

The auto industry will have to absorb the costs of reducing vehicle emissions to meet stringent new air quality standards. Assembly and parts plants face increasingly tough water and air emissions regulations as well as pressures to take responsibility for disposing of their products.

The possibility of a North American Free Trade Agreement could affect auto industry investment decisions over the next few years. However, key factors for consideration in investment decisions should continue to be proximity to markets, the extent to which existing capacity can meet market demand, transportation costs, the availability of infrastructure, and the cost, quality and availability of labour.

The mature auto market is also forcing dealerships to reduce costs and improve customer service. For example, the United States has already seen a reduction in the number of dealers, an increase in joint ownership of dealerships, the consolidation of administrative functions, and assembler purchase of car rental agencies. Similarly, a mature tire market coupled with longer life tires will constrain tire output and employment to 1995. Finally, intense competitive pressures and continued improvements in fuel efficiency will result in fewer gasoline stations and lower employment levels.

Industrial Materials Recovering Slowly

Industrial materials are intermediate manufactured goods used as inputs to produce final goods. The sector includes manufacturers of plastics, steel and fabricated metals, non-metallic minerals, chemicals and primary textiles. The industrial materials sector benefited from the construction boom and the auto sector expansion in the 1980s.

The growing international emphasis on improved productivity, reduced costs and miniaturization has lowered the input requirements and slowed the growth in demand for industrial materials. In addition, there has been significant substitution between materials. For example, the competition between steel and plastics has intensified in the auto sector. In pipe for water and other fluids, the volume of plastic rose from 2 per cent to 56 per cent over thirty years. Over the same length of time, the amount of steel required in a typical commercial building fell over 60 per cent.

Industrial Materials Sector

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Ferrous Metals	751	0.8	-0.4	-16.3
Metal Fabricating	574	2.0	-2.5	-10.7
Plastic Products	488	0.7	2.8	-10.9
Non-Metallic Minerals	609	0.6	2.7	-5.6
Primary Textiles	511	0.6	2.6	-15.1
Chemicals	673	1.1	1.3	-2.6
Non-Ferrous Metals	611	0.2	-0.7	-14.1
Petroleum and Coal Products	934	0.2	-7.1	-4.7
Total	**616**	**6.2**	**-0.3**	**-10.2**
Economy	520	100.0	2.3	-2.9

[a] Excluding overtime.
Source: Statistics Canada, 72-002.

An estimated 50 per cent of Canada's industrial materials production is located in Ontario, which is not surprising given the high concentration of manufacturing in Ontario. Similarly, the U.S. industrial materials sector is concentrated in the Great Lakes States. The result is that in this sector there is considerable cross-border trade and competition. In 1987, Ontario exports, as a share of shipments, ranged from 7 per cent for petroleum and coal products, to 14 per cent for primary textiles to 18 per cent for hydraulic cement, to 26 per cent for chemicals.

Concentration of Employment in Industrial Materials in Ontario and the Great Lakes States, 1986

	Index of Concentration[a]	
	Ontario	Great Lakes States
Textile Mill Products	0.96	0.14
Chemicals and Allied Products	1.29	1.09
Rubber and Plastics	1.33	1.75
Stone, Clay and Glass	1.25	1.19
Primary Metals	2.09	1.99
Fabricated Metals	1.54	1.81

[a] Defined as the industry's share of total employment in the geographic area as a ratio to the industry's share of total employment in Canada plus the U.S. Great Lakes States (Illinois, Indiana, Michigan, Ohio, Minnesota and Wisconsin). A ratio greater than one indicates a higher than average proportion of the North American industry.

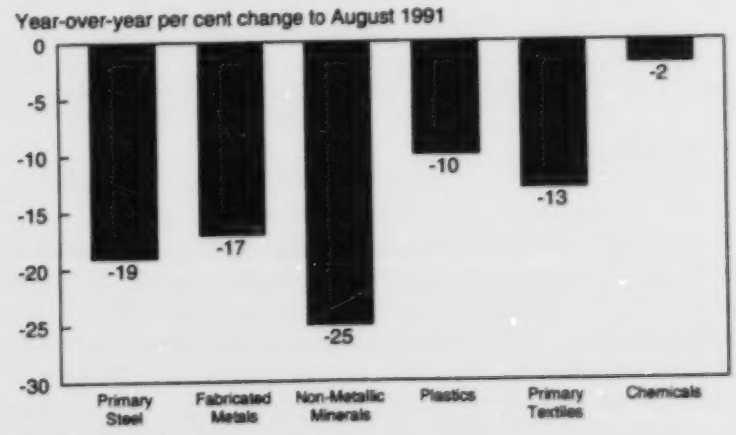
Source: Federal Reserve Bank of Chicago and Great Lakes Commission, *The Great Lakes Economy, Looking North and South*, 1991.

Communities particularly dependent on these industries include Hamilton and Sault Ste. Marie (steel), Sarnia (petrochemicals, plastics and petroleum refining) and Windsor (chemicals and plastics). Eastern Ontario has several textile plants.

Recession Impact

The weakness in North American auto and other consumer goods sales as well as construction has resulted in a severe reduction in industrial materials demand.

Decline in Industrial Products Shipments



Source: Statistics Canada.

While the decline in most of these industries was primarily cyclical, steel is undergoing structural adjustment, with producers in Hamilton and Sault Ste. Marie reducing employment permanently. The structural adjustment in the Ontario industry is similar to that experienced in the United States and Europe in the 1980s where employment levels dropped dramatically in response to technological change and flat demand for steel. However, in Ontario's case, the high Canadian dollar has intensified restructuring pressures.

Outlook and Issues: 1992-95

The industrial materials sector is expected to grow more slowly than GDP. With weakness in construction and a slower growing auto sector over the next few years, opportunities for this sector will lie in its ability to capture market share in the Great Lakes market. The proximity of Ontario to this very large market provides scope to capture business from more distant producers by meeting quality and timely delivery requirements of customers. However, a high Canadian dollar will increase competition from U.S. Great Lakes area producers in the local Ontario market.

Over the medium term, the industrial materials sector will continue to be affected by the accelerating development of new materials and new production processes. This is expected to result in shifts in materials usage. Individual producers will have to engage in product development in order to retain market share. Technological innovation, quality improvement and substitution between materials will result in further economies in material usage.

Along with the resource sector, the industries in this sector are likely to be affected by increasingly stringent environmental regulations. Meeting stricter pollution standards will require process and design changes. The development of new technologies to meet stricter standards can also result in opportunities to market the new technologies to similar industries facing comparable standards.

Resource-Based Industries Facing Continuing Global Pressures

Historically, Ontario's abundant natural resources have given it a strong export position in world markets and have contributed to our high standard of living. However, over the past decade, this advantage has been declining.

Resource-Based Industries

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Logging & Forestry Services	678	0.2	-4.0	-8.3
Wood Industries	486	0.6	2.6	-11.9
Paper and Allied Products	655	1.0	-0.5	-6.6
Mining, Quarries & Services	787	0.6	-1.2	-7.7
Smelting and Refining	832	0.1	-2.8	-4.7
Total	**659**	**2.5**	**-0.4**	**-8.2**
Economy	520	100.0	2.3	-2.9

[a] Excluding overtime.
Source: Statistics Canada, 72-002.

First, material intensity for manufactured products has fallen, and industrial materials recycling has increased. Demand for many natural resources has slowed, particularly among industrialized countries. In some cases, such as iron ore, per capita consumption has declined.

Second, developing countries have become more effective competitors due to the spread of resource exploration and development technology. In response, traditional resource suppliers have been forced to become much more efficient by using new technology and less labour.

Ontario mineral production increased during the 1980s, and its major mining operations are among the lowest cost in North America. However, this has been accomplished with significantly less labour. Overall mining employment has declined from 41,000 in 1981 to 32,000 in 1990.

Forest products experienced moderate growth in output during the 1980s, but an overall decline in employment as companies modernized production processes to reduce costs, improve product quality and meet more stringent environmental requirements. Employment stood at 91,000 in 1981, but fell to 83,500 in 1990.

The Ontario industry's profits and investment have also been affected by dramatic shifts in the value of the Canadian dollar. While the decline in the dollar spurred exports in the early 1980s, its 23 per cent appreciation since 1986 has hurt exports and profits. Softwood lumber exports to the United States were also curtailed by the 15 per cent export tax.

The economic restructuring of the resource industries over the past ten years has had a significant impact on resource-based communities, especially in Northern Ontario, where they account for 16 per cent of jobs. Declines in employment have been partially offset by the relocation of some provincial and federal government offices to communities like Sudbury, Sault Ste. Marie and Thunder Bay.

Forestry and Mining-Dependent Communities[a]

Community	Forestry Employment		Community	Mining Employment	
	#	%[b]		#	%[b]
Thunder Bay	5,000	11	Sudbury	10,830	16
Kapuskasing	1,600	31	Timmins	3,770	20
Dryden	1,200	24	Elliot Lake	1,440	35
Iroquois Falls	1,160	37	Marathon	850	23
Espanola	1,000	31	Manitouwadge	830	42
Kenora-Keewatin	1,000	13	Red Lake-Golden	820	33
Terrace Bay-Schreiber	930	46	Kirkland Lake	550	11
Fort Frances	890	19	Pickle Lake	360	35
Red Rock-Nipigon	850	41	Wawa	250	20
Hearst	700	25			
Chapleau	600	26			
Atikokan	585	28			
Marathon	410	11			
Cochrane	400	16			
Sturgeon Falls	350	16			
Dubreuilville	340	70			
Smooth Rock Falls	290	41			
Englehart	280	36			
Longlac-Geraldton	280	40			
Mattawa-Rutherglen	260	18			
Ignace	200	20			

[a] Based on 1991 estimates for communities with more than 200 employees in forestry or mining and more than 10% of local jobs in either industry.

[b] % of local employment.

Source: Ministry of Treasury and Economics estimates.

Recession Impact

Resource industries are very vulnerable to cyclical changes in market conditions. The 1990-91 recession added significant problems to a sector already experiencing increasing structural pressures.

As the recession took hold in 1990 and residential construction plummeted, Ontario lumber production fell by some 30 per cent and prices reached very low levels. Temporary layoffs affected a third of the sawmill workforce last winter.

Ontario's overall pulp and paper production fell 5.5 per cent in the first 9 months of 1991 compared to the first 9 months of 1990. Newsprint suffered most dropping 13.5 per cent. Other paper and paperboard production fell 3.8 per cent. In addition to reduced demand and production, prices fell, especially for market pulp, so that few, if any, pulp or paper mills are making a profit.

In the mining industry, total employment has fallen by about 6,000 or 17 per cent since 1989, mainly because of permanent cutbacks and closures of a number of uranium, iron and gold mines. Recently, the nickel industry announced cutbacks and early retirements of up to 1,300 people in the Sudbury area. Copper and zinc mining operations remain relatively stable.

Outlook and Issues: 1992-95

While there will be some cyclical recovery of resource sector output and employment by 1995, overall output and employment may not reach pre-recession levels because of the permanent closures and cutbacks that have taken place to date, and may yet occur in 1992.

A weak international recovery in demand for natural resources and a continued high Canadian dollar will be exacerbated by several structural factors:

- Ontario will face increasing competition from developing countries offering an improving investment climate and promising resource potential.

- As efforts to "reduce, reuse and recycle" become more widespread in U.S. urban areas, resource extraction and upgrading in resource communities will be adversely affected unless they begin shifting to higher value added products. For example, recycling will reduce demand for virgin fibre pulps and papers.

- Demographic trends suggest North American housing starts will not recover to the high levels seen in the 1980s, meaning less recovery in demand for construction lumber. Also, while Canada's unilateral termination of the softwood lumber tax may improve access to U.S. lumber markets, this access would be threatened by a successful U.S. challenge.

However, there are some opportunities for economic diversification. These include manufacturing value-added wood products, penetrating European markets for lumber, and developing the province's hardwood and industrial mineral resources. There is also some potential for Ontario's large and highly skilled pool of geoscience and mine development personnel to export their services to other parts of the world. Sustainable forestry and mine site rehabilitation initiatives could also offer additional job opportunities.

Consumer Products and Distribution Adjusting to U.S. Competition

Historically, consumer products industries benefited from high tariff protection. The consumer products distribution system (trucking, wholesale, retail) was domestically oriented. The 1980s have seen significant international rationalization of consumer products industries, and some impact on the consumer products distribution system as well. The forces driving these changes included tariff cuts, including those under the FTA, competition from developing countries with large domestic markets and low-wage labour forces, and increased advertising by U.S.-based firms.

Consumer Products and Distribution

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Beverage and Tobacco	668	0.3	-3.5	-0.8
Furniture and Fixtures	484	0.6	2.2	-17.5
Clothing and Textiles[b]	382	0.9	-2.1	-16.0
Consumer Electronics[c]	542	0.3	0.0	-16.3
Misc. Consumer Products[d]	483	0.5	-2.7	-5.4
Trucking	573	0.7	1.2	-10.4
Wholesale Trade[e]	587	4.0	3.2	-3.5
Retail Trade[e]	282	7.4	5.0	0.6
Total	**414**	**14.7**	**2.9**	**-3.7**
Economy	520	100.0	2.3	-2.9

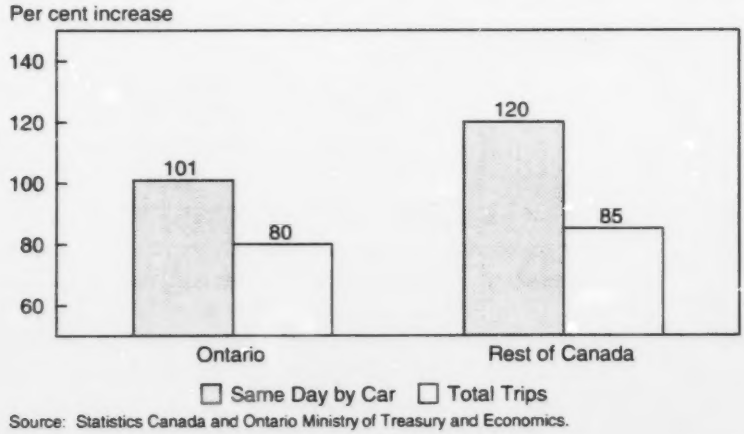
[a] Excluding overtime.
[b] Clothing, knitting mills, leather, carpets and canvas products.
[c] Appliances, televisions, radio receivers and lighting.
[d] Such as toys, jewellery and musical instruments.
[e] Excluding food and auto related.
Source: Statistics Canada, 72-002.

Between 1983 and 1989, employment in Ontario consumer products industries fell by 6.9 per cent. At the same time, imports increased their market penetration. The trend was most pronounced for clothing and leather, for which imports increased market share an estimated 10 and 14 percentage points, respectively, between 1981 and 1987. Imports of consumer electronics and furniture realized more modest gains.

Vigorous expansion of the trucking industry in the early 1980s was followed in the late 1980s by significant difficulties adjusting to the combined effects of trucking deregulation, the recession, and structural shifts in the economy.

Strong growth in consumer spending during the expansion from 1983 to 1989 was reflected in above-average growth in employment in retail and wholesale trade. The strong job gains coincided with the improved use of computers for inventory control and ordering functions as well as changing distribution patterns.

Cross Border Trips per Capita
1980-1990



Source: Statistics Canada and Ontario Ministry of Treasury and Economics.

Recession Impact

The recession, combined with the high Canadian dollar, the GST and rapid increases in cross-border shopping, has forced significant structural change on this sector.

In 1990, employment in leather products fell by 15.7 per cent. Similarly, employment in clothing and furniture dropped by 14.9 per cent and 17.5 per cent, respectively. The trucking industry has also been particularly hard hit. In the first nine months of 1991, 155 companies declared bankruptcy, compared to 147 for all of 1990.

Outlook and Issues: 1992-95

The recovery for the consumer products and distribution system is not expected to exceed growth in the economy. Some manufacturing firms which survive the recession are expected to be well positioned in niche markets to compete in a North American context. Many others, however, will continue to adjust operating strategies to match U.S. competition.

For example, to operate with lower margins, Ontario-based retailers will be reducing cost and volume differences with their U.S. competitors and developing new and more direct sourcing including the establishment of U.S.-based supply operations. They will face increasing competition by way of U.S.-based retailers entering the Canadian market and the growing presence of warehouse style stores and manufacturer-owned outlets.

Some parts of this sector, particularly manufacturers of packaging, hazardous products, and appliances banned from land fills, face growing pressures to reuse or recycle their products. The resulting cost will either be absorbed or passed on to the consumer.

The trucking industry will continue to face adjustment pressures over the forecast period. In response to excess capacity and the loss of transborder market share, carriers will need to continue with strategies to enhance competitiveness, including cost reduction, service enhancement and the utilization of more productive technologies.

Tourism and Hospitality Sector Recovery Lags the Economy

The tourism and hospitality sector incorporates a number of activities but is dominated by accommodation, restaurants and recreation. Ontarians account for approximately 75 per cent of expenditures in this sector. U.S. visitors account for about 12 per cent of expenditures.

Tourism and Hospitality Sector

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Amusement & Recreation	326	1.7	0.8	12.1
Accommodation and Restaurants	206	5.7	2.8	-7.4
Total	**234**	**7.4**	**2.4**	**-3.5**
Economy	520	100.0	2.3	-2.9

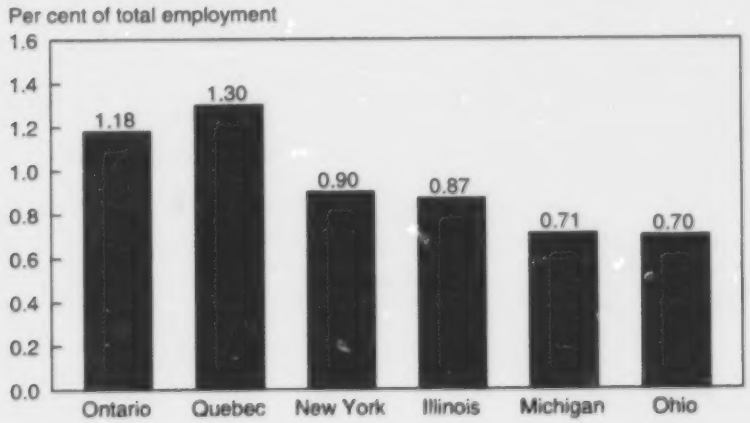
[a] Excluding overtime.
Source: Statistics Canada, 72-002.

The tourism industry, in particular, is being affected by long-term changes in the structure of North American travel markets, including factors such as:

- increasing business travel which, in the Canadian context, is linked to higher international travel, especially to the United States;
- older and more sophisticated tourists, including a growing seniors market with an interest in "sun spot" destinations;
- more two-income families, who are taking more frequent, but shorter vacations, and demand a wider range of well-packaged, higher value-added tourism services;
- increasing competition for discretionary tourism spending from other countries.

While business and recreational travel by Ontarians kept pace with the economy during the 1980s, travel by U.S. residents to Ontario remained fairly flat while travel by Ontarians to the United States rose. Accordingly, Ontario has been losing its share of the rapidly rising international travel market. Tourism arrivals throughout the world grew by 4.6 per cent a year between 1982 and 1987, while international arrivals to Ontario over the same period grew by only 2.9 per cent annually. Ontario's international travel account deficit has accordingly risen over the past decade. It reached a record $3 billion in 1990, accounting for 58 per cent of Canada's total travel deficit.

Hotel/Motel Employment, 1988

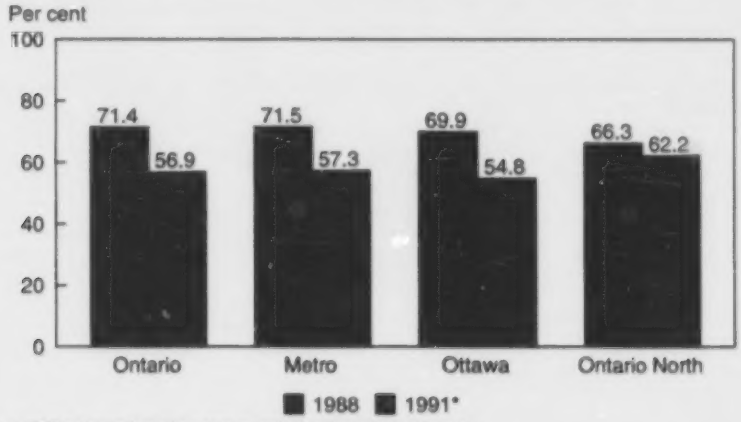


Source: Statistics Canada, U.S. Bureau of Labor Statistics.

Recession Impact

Accommodation and food services have been affected more than most industries by the recession, the G.S.T. and the high Canadian dollar. Employment declined 7.4 per cent in 1990, bankruptcies were up 38.2 per cent for the first 7 months of 1991 over the same period in 1990, and the accommodation sector has seen declining occupancy rates, especially in the Toronto and Ottawa areas.

Ontario Hotel Industry Occupancy Rates



* T&E estimate based on data supplied by Pannell Kerr Forster.
Source: Pannell Kerr Forster, "Trends in the Hotel Industry, Ontario".

Tourism in Ontario has dropped since 1989, mainly due to the decline in Canadian travellers. Travel by American and overseas visitors has also fallen. In contrast, travel by Ontario residents to the United States has increased sharply since 1988.

Outlook and Issues: 1992-95

The medium-term outlook for tourism and hospitality is for growth at about the same rate as for the economy as a whole. However, over the short term, growth will lag the economy, due to the high Canadian dollar, continuing impact of the GST and slow economic recovery in the Great Lakes States. However, later in the outlook period, as family incomes rise, growth in this sector will likely be somewhat higher than that of the economy.

Over the long term, the performance of the tourism and hospitality sector will depend on its ability to adjust to the structural changes on the demand side. This adjustment will require the adoption of technology that improves services and productivity, and an increased emphasis on the training of management and labour.

Agriculture and Food Industry Faces Mixed Growth Prospects

The agriculture and food industries employ 313,000 people or 7.3 per cent of the provincial workforce.

Expansion of this sector is primarily determined by population growth. During the 1980s the population of Ontario grew at 1.4 per cent per annum, and is expected to continue growing at about this rate during the 1990s. This limited growth potential, global trade subsidies and technological innovations that have led to significant increases in supply, are creating a highly competitive and, in primary agriculture, an increasingly distorted market. This competition tends to be focused on increasing market share through lower costs, quality improvements and product range development.

Agriculture and Food

	Average Weekly Earnings[a]	Share of Total Employment	Employment Growth annual rate	
	1990	1990	1983-89	1990
	$	%	%	%
Agriculture	n/a	2.5	-2.1	-7.6
Food Processing	528	1.8	1.0	-7.6
Food Wholesaling	458	0.6	1.5	-9.1
Food Retailing	252	2.5	1.9	-0.1
Total	**377**	**7.3**	**0.1**	**-5.3**
Economy	520	100.0	2.3	-2.9

[a] Excluding overtime.
Source: Statistics Canada, 72-002, Labour Force Survey, 72-001.

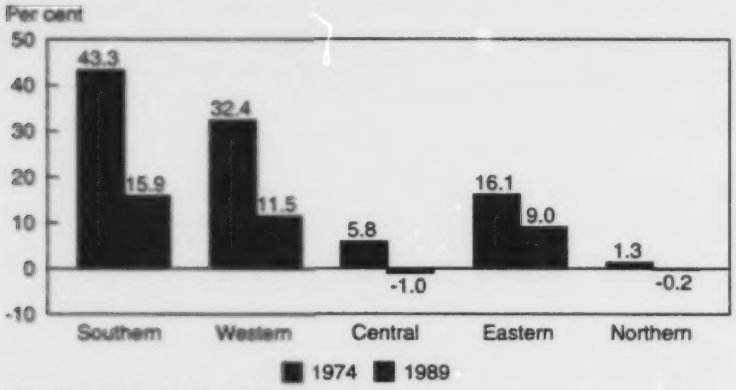
The challenge for food retailing operations has been to maintain or expand market share in the face of slow growth in volume. Companies are increasing efficiency and reducing costs, creating and exploiting higher margin niche markets, and expanding into non-food items. These shifts in turn are pressuring food processors for new products and new marketing techniques. The high cost and uncertainties involved are forcing many processors to consider product development primarily in an international context.

Farmers are also subject to international pressures. Rapid productivity increases are occurring in all major producing countries and are partially responsible for declining real world prices for many primary agricultural commodities. Ontario farmers, despite their very high productivity, have been forced to adopt new technologies to lower costs. For example, during the 1980s, milk output per cow has risen 19 per cent and the yield per hectare of grain corn has increased by 17 per cent. The pressure to increase productivity in the face of slow demand growth and low prices has meant:

- The number of farms has declined, and operations are becoming larger and more efficient.

- Over the last decade net farm income has been falling in real terms even though government support has been increasing. This has resulted in a trend toward increasing farmer dependence on off-farm income.

Net Farm Income as a Share of Total Farmer* Net Income, 1974 and 1989



*All taxfilers who reported income from farming.
Source: Ontario Ministry of Agriculture and Food.

- Farmers have been withdrawing lower quality agricultural land from production and increasing the intensity of production on the better lands. At the same time, the use of pesticides and commercial fertilizers has declined, in part because of low agricultural prices, but also because of the adoption of new technology in pesticides and their application.

As the agricultural sector changes, so do rural communities. The pressures on farmers for efficiency and lowest cost production have meant less spending on farm machinery, inputs such as fertilizer, and on goods for personal consumption. These pressures, coupled with a dependence on off-farm income, have led to less emphasis on rural community farm suppliers and a lifestyle more oriented to urban centres. The farm supply industry has had to restructure, often downsizing.

Recession Impact

During the 1980s, agriculture and food processing had low growth rates while most other industries boomed. Similarly, while the Ontario economy declined in 1990-91, agriculture and food processing production remained relatively constant despite employment reductions.

This relative stability in production with declining employment indicates changes within the industry. Much of the food processing industry has been sheltered from international competition, and is not export oriented. However, the FTA is reducing the level of protection and in response food processors are quickly rationalizing product lines and facilities. Changes in basic industry economics are resulting in other shifts. The beef processing industry, for

example, following a trend similar to that in the United States, has downsized in Ontario and opened or modernized large facilities close to cattle supplies in Western Canada.

Outlook and Issues: 1992-95

The agriculture and food sector will experience slow growth and continued restructuring in the medium term. The sector will continue to search for even more efficient delivery mechanisms. In addition, trade discussions under the GATT have the potential to deliver a shock to the supply management sections of the industry. The retail and wholesale industries will face slowing demand, as population growth moderates and pressure from cross-border shopping continues. The food processing industry will experience continued pressure to meet international competition.

The direct consumer market is becoming less suited to a mass market approach. Processing companies are concentrating more on "niche markets" to meet the increasingly specialized requirements of consumers. The food processing sector will grow slowly with fruit and vegetable processors restructuring for the North American market.

Slow growth and restructuring in the agriculture and food processing industries will affect the prospects for rural communities, especially in Southwestern Ontario. However, the impact will not be uniform, with some communities potentially benefiting from proximity to larger urban centres.

IV. THE MACROECONOMIC OUTLOOK

Summary

This section reviews the recent performance of the Ontario economy and provides detail on the macroeconomic outlook for the 1992-95 period. It also discusses the key factors affecting productivity prospects in the province.

Risks to the Outlook

The macroeconomic forecast presents a single scenario for the Ontario economy, based on what appear now to be the most plausible assumptions. However, alternative international and domestic policy developments could unfold and alter the economic course over the next four years and beyond. A major change in the direction of monetary or fiscal policy at the national level, for example, would produce a very different outcome. Similarly, a major change in the international environment, such as unanticipated weakness in the U.S. economy or a large increase in oil prices, could alter this projection.

This outlook assumes gradual adjustment in the organization and structure of the economy. More effective co-operation among government, business and labour could produce greater than anticipated increases in productivity.

The Macroeconomic Outlook

Ontario Economic Outlook at a Glance

	1991	1992	1993-95*
Real Growth (%)	-1.9	3.8	3.5
Job Creation (000s)	-162	101	133
Unemployment Rate (%)	9.6	9.3	8.4
CPI Inflation (%)	4.7	3.0	3.3

* Annual Average.

Economic recovery began in the second quarter of 1991. Nevertheless, Ontario's real Gross Domestic Product (GDP) fell an estimated 1.9 per cent between 1990 and 1991. The provincial economy is expected to grow by 3.8 per cent in real terms next year, and by 3.5 per cent annually over the medium term. This is much slower than the average 6.0 per cent growth achieved during the 1983-86 expansion.

During the recession, Ontario lost 260,000 jobs. In calendar year 1991, the province suffered an estimated loss of 162,000 jobs. Total employment is projected to increase by 101,000 or 2.1 per cent in 1992. Over the 1993-95 period, employment is forecast to grow 2.7 per cent annually, representing an additional 133,000 jobs per year.

The unemployment rate rose from 6.3 per cent in 1990 to an estimated 9.6 per cent this year, and is expected to decline only slightly in 1992 to 9.3 per cent. Over the medium term, unemployment is expected to fall from 8.9 per cent in 1993 to 7.9 per cent in 1995.

Consumer price inflation is expected to moderate from 4.7 per cent in 1991 to 3.0 per cent in 1992, and to continue near 3.0 per cent over the 1993-95 period.

The recovery now under way is expected to be much more modest than the expansions that followed most other post-war recessions. Factors expected to contribute to slower overall growth include the relatively weak economic performance expected in the United States and other industrialized countries, continuing high consumer and business debt loads, high real interest rates, a high Canadian dollar, and ongoing restructuring.

In the near term, the leading sectors of the economy are expected to be housing and industrial machinery and equipment investment, as homebuilders undertake construction postponed during the recession and firms move to improve technology and raise productivity in an increasingly competitive environment.

Over the medium term, the expansion is expected to be more broadly based. High immigration levels, lower nominal interest rates and steady job gains will support housing and consumer spending. Improving corporate profits, higher capacity utilization and strengthening demand will combine with lower debt financing costs to allow a moderate recovery of business investment in non-residential construction.

Key Factors Affecting Productivity Prospects

Over the past ten years, Ontario's growth in per capita GDP was higher than that of most major developed countries. Nevertheless, productivity measured as output per worker grew relatively slowly because of the very rapid growth in employment. A more rapid rate of capital investment was needed to incorporate the latest technological innovations and boost productivity growth. Capital investment is forecast to recover only modestly as the economy moves out of the recession. It is expected to grow at less than half the rate experienced during the 1983-86 recovery.

The primary causes of the investment shortfall are the tight monetary policies of the Bank of Canada and the Canada-U.S. Free Trade Agreement. Monetary policy has made interest rates and the exchange rate much higher than they would have been otherwise, and has significantly increased the severity of the recession. The high exchange rate is encouraging permanent plant closures, and is adversely affecting investment location decisions in response to the Free Trade Agreement. In addition, corporate profits (as a share of GDP) are at their lowest level since 1932. Past losses and poor balance sheets of businesses will contribute to the below-average rate of investment growth during the recovery.

The forecast is for relatively weak productivity growth averaging only 1.1 per cent per year over the 1992-95 period, compared to 2.8 per cent per year experienced in the 1983-86 recovery. The province's overall economic performance is also affected by workplace organization. Changes that promote the capacity to adjust in the workplace could have a positive effect on productivity and thus on overall economic growth.

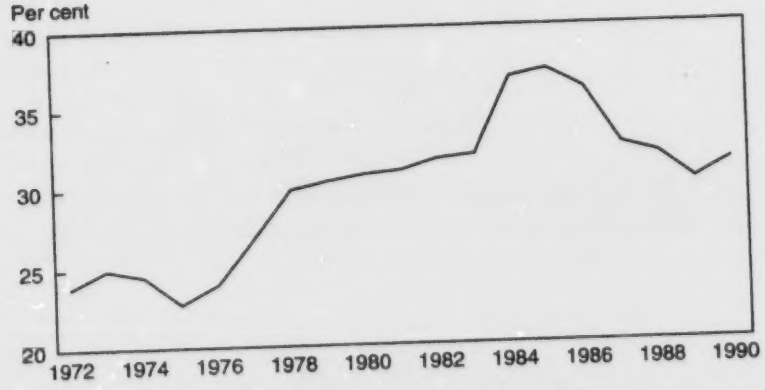
The External Environment: Key Factors

The primary factors affecting the outlook for the Ontario economy include interest and exchange rates, and economic performance in the United States, the rest of Canada and abroad. This section reviews recent developments and the outlook for these factors.

The Changing World Economy

Changes in the international economic environment have been unusually large in the past several years, and they will have significant impacts on Ontario. The collapse of the communist regimes in eastern Europe has created a large new demand for international capital. The European Economic Community is becoming larger and more unified, forming an even more formidable trading bloc. The newly industrializing countries are rapidly expanding their technological expertise to produce an ever more sophisticated range of products, and Mexico appears to be on the verge of joining this group. Ontario's direct trade is primarily with the United States, and is undergoing significant changes due to the Canada-U.S. Free Trade Agreement and the rise in the value of the Canadian dollar relative to the U.S. dollar.

Ontario International Exports
Relative to Ontario GDP



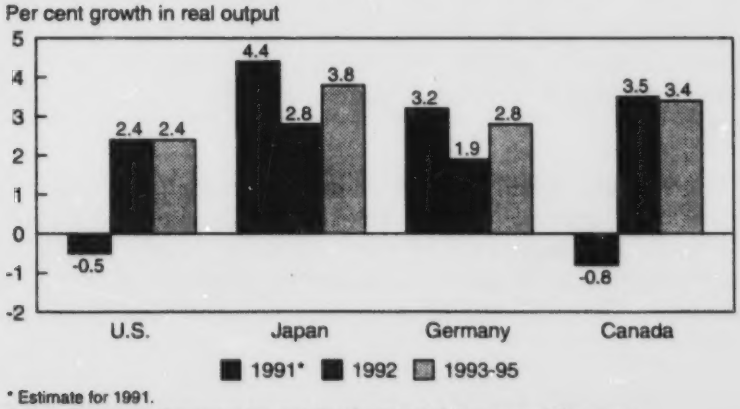
Sources: Statistics Canada and Ontario Ministry of Treasury and Economics.

Ontario has a very open economy. It depends more heavily on international trade than many countries that are well-known international traders. Ontario is also more export oriented than the rest of Canada. International exports amount to 31 per cent of Ontario GDP, while for other provinces the average is 21 per cent. This explains why the high dollar has had a larger impact on Ontario's economic performance. In the last few years, exports have grown more slowly than the rest of GDP, mainly because of the rising value of the Canadian dollar.

Ontario is considerably more dependent on exports to the United States than it is on exports to the rest of Canada. Ontario's exports to the United States represent roughly 27 per cent of its GDP, and are twice as large as its exports to the rest of Canada. Therefore, the short-term cyclical recovery of the Ontario economy will be heavily influenced by economic performance in the United States. Real output in the United States is expected to decline by 0.5 per cent in 1991. A mild recovery began in the third quarter of 1991 and is expected to continue into 1992 with 2.4 per cent real growth. Housing and business spending on equipment, spurred on by lower interest rates, will be the leading sectors in the U.S. recovery.

The United States is forecast to grow at an average annual pace of 2.4 per cent over the 1993 to 1995 period, much slower than the 4.3 per cent annual rate of growth during the 1984-86 expansion. The more sluggish U.S. recovery expected for the 1990s reflects a shallower recession, higher debt levels and weaker growth in the rest of the world. The U.S. economy was the weakest performer among the G-7 countries in the past ten years, measured by growth in per capita GDP. The Congressional Budget Office is projecting a record 1992 federal on-budget deficit of $425 billion, equal to 7.1 per cent of GNP. The Canadian and U.S. capital markets are highly integrated, and high U.S. debt levels have a far more significant effect on the level of Canadian real interest rates than do Canadian debt levels.

International Economic Outlook
1991 - 1995



* Estimate for 1991.
Source: Consensus Economics Inc. and Ontario Ministry of Treasury and Economics.

Monetary policy in the United States is expected to tighten over the medium term, as growth resumes and inflation remains a concern. Nevertheless, in an election year the Federal Reserve Board is expected to continue to balance its pursuit of lower inflation with efforts to maintain growth.

Japan's economic growth is showing signs of moderation, after four and a half years of rapid expansion. Real growth is expected to weaken to 2.8 per cent in 1992 from 4.4 per cent this year. A fall off in business investment growth is the primary cause of weaker growth in the short term. Slower growth will result in lower interest rates, pushing the value of the yen down over the coming year. Over the medium term, annual real growth is expected to average 3.8 per cent. Weaker demand growth projections are accompanied by an improved outlook for inflation, which is expected to average 2.4 per cent over the medium term.

Germany's real economic growth is expected to slow to 1.9 per cent in 1992 from 3.2 per cent this year, reflecting a tight monetary policy and this year's heavy consumer tax burden. Inflation concerns remain, however, and it is unlikely there will be any significant easing in monetary policy in the near term. Over the 1993-95 period, real growth is expected to average 2.8 per cent per annum. The inflation outlook will improve slightly, averaging 3.3 per cent over the period.

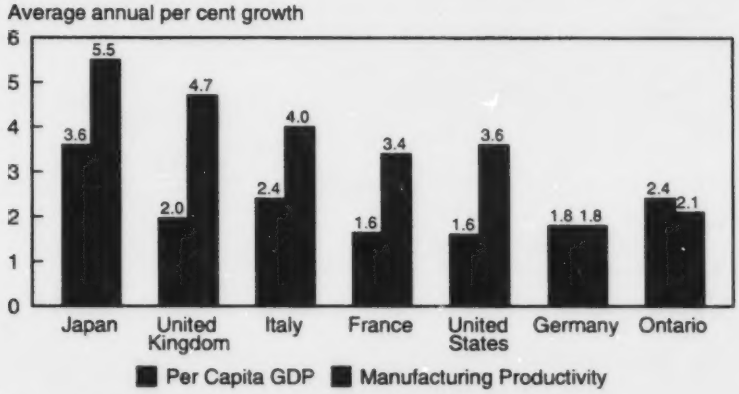
Longer-Term Productivity Problems Due To Tight Monetary Policy and Slow Capital Investment

The recession and the unusually tight monetary policy which helped induce it may be considered short-term phenomena, but they can have permanent structural impacts. These policies are particularly significant because they are likely to discourage the investment needed in response to free trade. The high exchange rate is contributing to permanent plant closures. Many of the lost investments may never return even if the Canadian dollar eventually declines. The loss of modern productive capacity will hamper the ability of the Ontario economy to generate the productivity growth needed to maintain a high standard of living in the face of global competition.

Barriers to international trade have declined substantially in the past two decades. Relatively underdeveloped countries are now able to produce, and export, many of the products which have been traditional mainstays of the Ontario economy. As a result, Ontario is threatened in many export markets and is experiencing increased import penetration in some of its domestic markets. The challenge of competitiveness has both long-term and short-term dimensions.

Productivity growth is a key indicator of the economy's ability to increase the standard of living. One often-cited measure, the increase in productivity in manufacturing, shows how much manufacturing output is rising per manufacturing worker. By that measure, Ontario has one of the weakest track records among the major industrial countries. Manufacturing productivity is important, but growth in GDP per capita is even more important. Measured by GDP per capita, Ontario's growth rate was surpassed only by Japan (and equalled by Italy). Ontario managed to achieve high growth in GDP per capita because the proportion of Ontario's population in the workforce has grown.

Per Capita GDP and Manufacturing Productivity
1979 - 1989

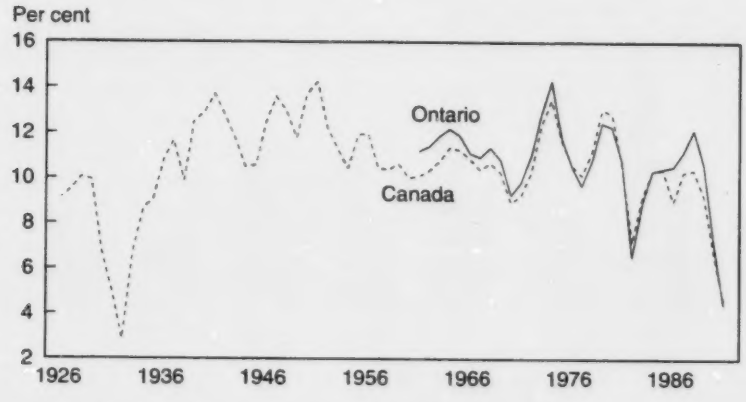


Source: IMF, OECD, U.S. Department of Labor, Conference Board of Canada.

Ontario's growth of output per worker has been relatively low partly because the economy had more growth in employment than any of the G-7 countries. The task of absorbing a large number of young, inexperienced workers (and generating the capital investment needed to utilize them effectively) has reduced the growth of output per worker. This problem will diminish toward the end of the decade, but during the next few years labour force growth is expected to remain relatively rapid, compared to other developed countries.

There are other important factors which have contributed to lagging productivity growth in Ontario. The economy has been slower to adapt to changing methods of enhancing productivity growth compared to other industrialized countries which have focused on exporting high-quality knowledge-based niche products. Ontario has also been slower at increasing worker flexibility and adaptability.

Ontario and Canada Corporate Profits as a Share of GDP



Source: Statistics Canada and Ontario Ministry of Treasury and Economics.

The tight monetary policy of the last few years will have a lingering impact on the ability of the economy to generate sufficient capital investment even after the recession ends. The combination of the recession and high exchange rate has sharply reduced the profits of Canadian corporations. Many of them are suffering large losses. Canadian companies competing in international markets have had to accept price cuts in Canadian dollar terms because of the high dollar; as a result, the Industrial Product Price Index is lower now than it was three years ago. The share of profits in national income has dropped to its lowest level since 1932, to where it was in the midst of the Great Depression.

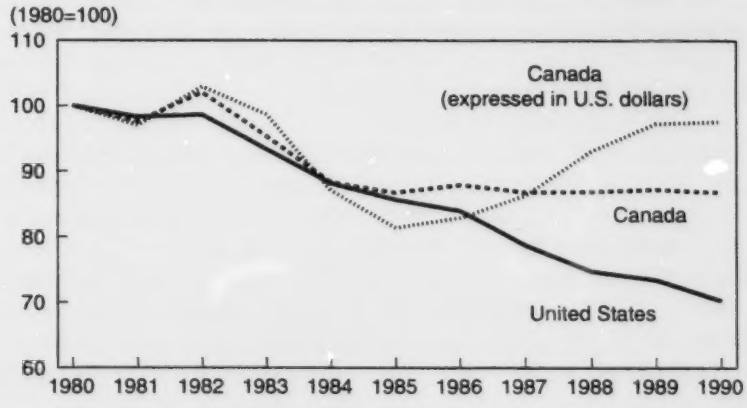
The poor condition of profits is also reflected in stock market values. In the past few years, Canadian stocks have had worse returns than those in most major countries. Businesses will tend to avoid making new investments in this climate. Moreover, the accumulated losses will weaken firms' equity-to-debt ratios, reducing their ability to make new investments even after they start to return to profitability. As a result, many of the investments needed for modernization are likely to be delayed if policies are not changed to rectify the situation.

Capital investment is one of the primary channels through which innovations are introduced. Slow capital investment is one of the reasons why relatively weak productivity growth is expected to continue for the next four years.

Short-Term Competitiveness Problems Due to the High Dollar

The most immediate factors influencing price competition for traded goods in the short term are the exchange rate and overall price and cost levels in the economy. The Canadian dollar has risen dramatically relative to the U.S. dollar in the past few years, primarily because of a market perception that the Bank of Canada will continue to follow a much tighter monetary policy than its U.S. counterpart. The rise in the value of the Canadian dollar accounts for roughly two-thirds of the decline in Canada's competitiveness since 1986.

Manufacturing Wage Cost Index*



*Increase in real manufacturing wages minus productivity growth.
Source: U.S. Department of Labor.

By historical standards, Canadian wage rate increases have not been excessive. Economists generally believe that real wages should rise at about the same rate as productivity growth. In fact, Canadian real wages have hardly risen at all in the past ten years, even though there has been some growth in productivity. Canadian real wages minus productivity growth are actually lower than they were in 1980.

However, in contrast to Canadian wages, the real wages of U.S. industrial workers have fallen substantially in the past ten years. The most important causes of this are government policies which have weakened the bargaining power of workers relative to employers, and the greater opening of the U.S. economy to competition from low-wage countries such as Mexico (most of whose products already enter the United States virtually free of duty). Finally, when Canadian wages are expressed in terms of the U.S. dollar, reflecting the effect of the high Canadian dollar, unit labour costs in Canada have risen roughly 30 per cent relative to those in the United States. Due to Canada's entry into Free Trade with the United States, Canadian workers are exposed to the same pressures eroding real incomes which have affected their U.S. counterparts.

The Outlook for Interest Rates and the Dollar

Weak credit demand, the high dollar and reduced inflationary pressures will allow Canada's prime lending rate to continue a downward trend to an average well below 9 per cent in 1992, compared to an average just under 10 per cent in 1991. Over the 1993-95 period, Canada's prime lending rate is anticipated to average 8.25 per cent. With inflation expected to average near 3 per cent over the medium term, the real prime rate will remain close to 5 per cent during the next few years, high by historic standards.

The reasons for the Canadian dollar's recent rise are complex, but the high interest rate policy of the Bank of Canada has unquestionably been the catalyst for this increase. It is true that the Canadian dollar has continued to rise even though the Canada-U.S. interest differential has declined from its peak value. Nevertheless, that differential remains far above its historical average. Most importantly, investors have great confidence that it will stay relatively high, because of the stringent anti-inflationary posture of the Bank of Canada, contrasted against the weak state of the U.S. banking system.

Short-term exchange rate movements are dominated by capital flows rather than trade in goods and services. When an exchange rate rises, it takes several years before its full effect on a country's trade balance is felt. Canada's trade balance has already declined substantially, but there is reason to believe that further deterioration will occur. Canadian trade responds particularly slowly to the exchange rate because of the integration of the automobile industry with the United States. Many car models are produced exclusively in Canada, and once an automobile company has set up a line to produce in Canada, it is costly to move it to the United States. However, in decisions about new plant location, a high exchange rate will no doubt be a significant factor.

Canada's trade balance will continue to deteriorate if the dollar remains high. As recently as 1984, Canada's current account trade balance was a surplus of $1.7 billion. By 1990, this had changed to a deficit of $22 billion, the largest relative to GDP among the major industrial countries. It has to be financed by foreign borrowing. Canada has a good reputation which should make financing an even larger trade deficit possible for the next few years. The dollar will eventually decline when the Bank of Canada is unwilling (or unable) to widen the differential of Canadian over foreign interest rates sufficiently to encourage the capital inflows needed to finance the current account trade deficit. However, the decline will likely come too slowly to provide much stimulus to economic growth over the next few years.

Although Canada-U.S. interest rate spreads are forecast to continue to narrow next year, the maintenance of a significant interest differential and the Bank of Canada's ongoing anti-inflation policy are expected to support the Canadian dollar in the 87-90 cents U.S. range in 1992. However, concern over Canada's constitutional situation creates additional uncertainty about the exchange rate in the coming year.

Further narrowing of interest rate spreads between Canada and the United States and continued deterioration of the trade balance over the 1993-95 period are expected to lead to a weaker dollar by 1993. The dollar is expected to average 85 cents U.S. in 1993, and to remain near that level through to 1995. The dollar will still be supported by higher interest rates in Canada that will continue to draw in foreign capital.

Canadian Economic Outlook

The Canadian economy began its economic recovery in the second quarter of 1991, although output declined an estimated 0.8 per cent for the year as a whole. Growth is expected to be 3.5 per cent in 1992 and to average 3.4 per cent per year over the medium term, slightly less buoyant than growth in Ontario.

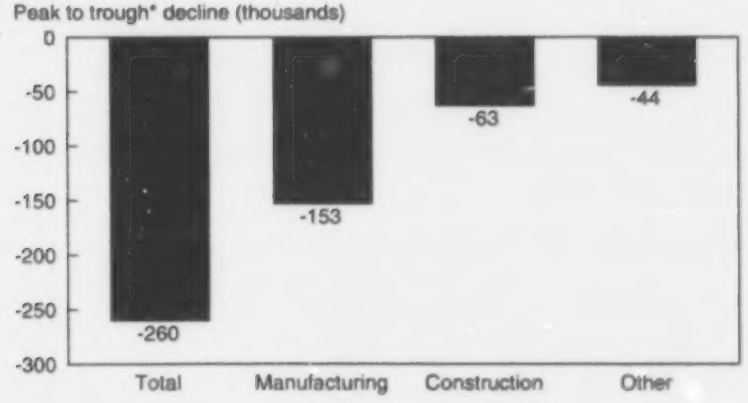
Employment in Canada has declined by an estimated 1.8 per cent in 1991, but is forecast to recover by 1.7 per cent 1992. The national unemployment rate is forecast to ease only slightly from an estimated 10.3 per cent this year to 10.1 per cent in 1992, as discouraged workers return to the labour force. Employment growth is forecast to average 2.4 per cent during the 1993-95 period, while the unemployment rate will average 9.4 per cent over the same period.

CPI inflation will decline to 3.2 per cent in 1992. It reached 5.7 per cent in 1991, in part because of the Goods and Services Tax (GST). The Bank of Canada's aggressive pursuit of stable prices is expected to keep the national CPI inflation rate to an annual average of 3.3 per cent over the medium term.

The Impact of the Recession

Ontario is now emerging from what was, by some measures, the most severe downturn since the Great Depression. The recession for the economy as a whole lasted from early 1990 until early 1991, longer than any other post-Depression downturn except the 1981-82 recession. Over the twelve months of the recession, total output fell by more than 5 per cent and a record 260,000 jobs were lost. Over 80 per cent of the record job loss was in Ontario's manufacturing and construction sectors.

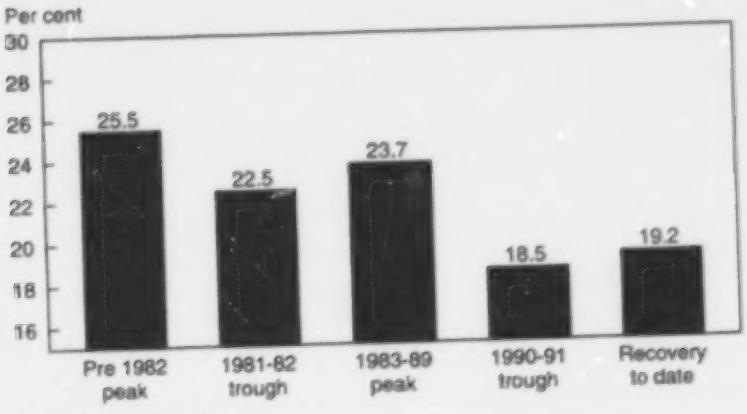
1990-91 Ontario Job Loss by Sector



*February 1990 to February 1991.
Source: Statistics Canada.

For the manufacturing sector, the downturn was much longer and more severe than the decline for the economy as a whole. The manufacturing decline lasted two years, with a decline in shipments of 16 per cent. As a result, manufacturing's share of the Ontario economy continued its long-term declining trend during the 1990-91 recession. Particularly hard hit were industries vulnerable to free trade and deteriorating competitive conditions, including carpets, furniture and shoes. These industries tend to be relatively low-wage industries with limited requirements for formal education and training.

Manufacturing Employment as a Share of Total Employment



Source: Statistics Canada.

The construction sector has also been hit disproportionately hard by the recession. This reflects the overbuilding of commercial, industrial and residential properties in the late 1980s, combined with tight monetary policy in 1989 and 1990.

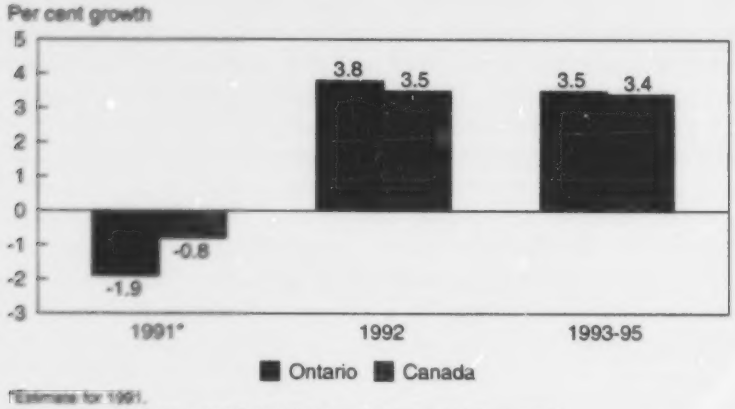
The Short- and Medium-Term Outlook

The recovery now under way is expected to be much more modest than the expansions that have followed most other post-war recessions. Factors expected to contribute to slower overall growth include:

- The relatively weak growth expected in the Unites States and other industrialized countries;
- Continuing high consumer and business debt loads;
- High real interest rates;
- A high Canadian dollar; and,
- Ongoing restructuring to meet increased global competition.

Ontario's real output is expected to grow by 3.8 per cent in 1992 and by an average of 3.5 per cent per year over the 1993-95 period. In the near term, the leading sectors of the economy are expected to be housing and industrial machinery and equipment investment, as homebuilders undertake construction postponed during the recession and firms move to improve technology and increase productivity in an increasingly competitive environment.

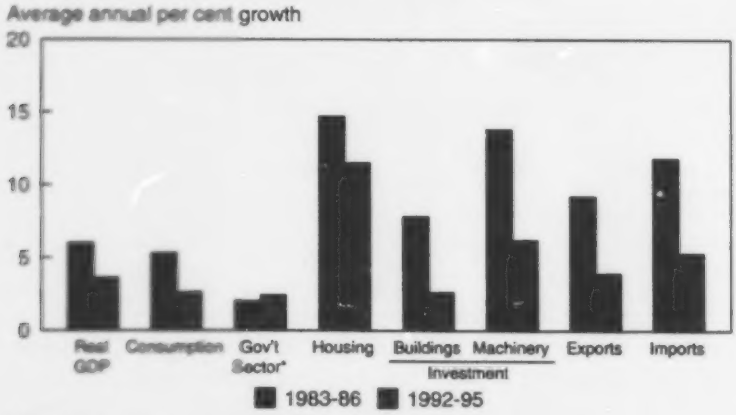
Real Growth: Ontario and Canada
1991 - 1995



*Estimate for 1991.
Source: Statistics Canada and Ontario Ministry of Treasury and Economics.

Over the medium term, the expansion is expected to be more broadly based. Higher immigration levels, lower nominal interest rates and steady job gains will support housing and consumer spending. Improving corporate profits, higher capacity utilization and strengthening demand will combine with lower debt financing costs to allow a moderate recovery of business investment.

1992-95 Compared to the 1983-86 Expansion



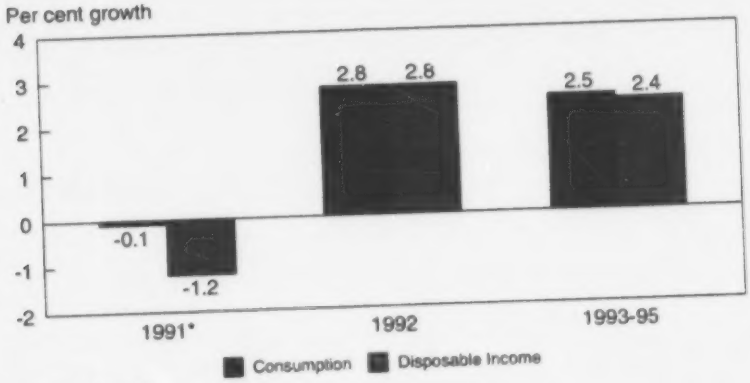
* Government sector excludes transfers and public debt interest.
Source: Ontario Ministry of Treasury and Economics.

Consumer Spending To Advance Slowly

Real consumption declined by an estimated 0.1 per cent in 1991, following a slight rise of 0.4 per cent in 1990. The drop in real consumer spending in 1991, the first since 1982, was the result of several factors. The GST severely dampened consumer spending, especially in the first quarter of 1991, and record job loss reduced real personal income. A weak housing market curbed housing-related expenditures. The high level of household debt relative to disposable income and falling consumer confidence have also deterred consumers from going further into debt or dipping into savings to finance their purchases. Dampened by the GST, retail sales fell an estimated 7.0 per cent in 1991 when compared with Federal Sales Tax (FST)-inclusive sales in 1990.

In 1992, lower interest rates, improved housing and labour markets and a pick-up in consumer confidence are expected to lead to a 2.8 per cent rise in real consumption. Spending on goods is expected to become a major source of growth in consumption in 1992, aided by a rebound in spending on autos and house-related durables. Reflecting the strengthened consumer spending on goods, retail sales are expected to rebound by 5.3 per cent in 1992.

Real Consumption and Real Personal Disposable Income: 1991 - 1995



*Estimate for 1991.
Source: Ontario Ministry of Treasury and Economics.

Over the 1993-1995 period, real consumer spending is forecast to expand by a modest 2.5 per cent annually, supported by steady job gains, higher incomes and a moderate decline in the savings rate. Consumer spending is expected to grow at less than half the 5.8 per cent pace recorded during the 1984-86 period. This is due to higher debt burdens, slower employment growth, and a significantly lower savings rate exiting the 1990-91 recession. More moderate increases in real consumer spending and inflation will result in much lower growth in retail sales during the 1993-1995 period than in the 1984-86 period.

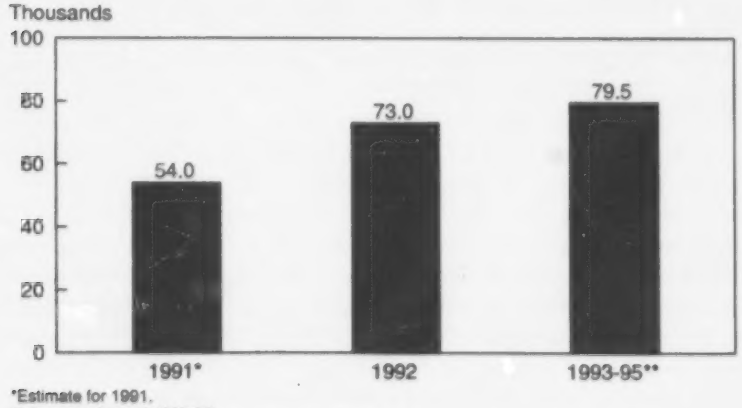
Housing Recovery to Lead Economy

Real residential investment fell an estimated 14.7 per cent in 1991. Housing starts are estimated at 54,000 for 1991, down from 62,649 starts in 1990. Socially-assisted starts totalled 15,000 units in 1991, providing significant support for the residential construction industry. Low consumer confidence, higher unemployment, and declining employment and incomes account for the sluggish state of the housing market.

Real residential investment is expected to increase 19.8 per cent in 1992 and 8.9 per cent annually during the following three years, leading Ontario's economy. Housing starts are projected to increase to 73,000 in 1992, of which 14,000 units will be socially-assisted units.[1] Over the medium term, housing starts are forecast to average 79,500 per year, rising from 76,500 starts in 1993 to 82,500 in 1995. A number of factors support a return to a stronger housing market over the next several years:

- Lower mortgage interest rates in nominal terms and restrained home prices will improve affordability.
- Consumer confidence will improve, reflecting a stronger economy and steady job growth.
- Higher immigration and pent-up demand from the recession will increase demand for housing.

Ontario Housing Starts
1991 - 1995



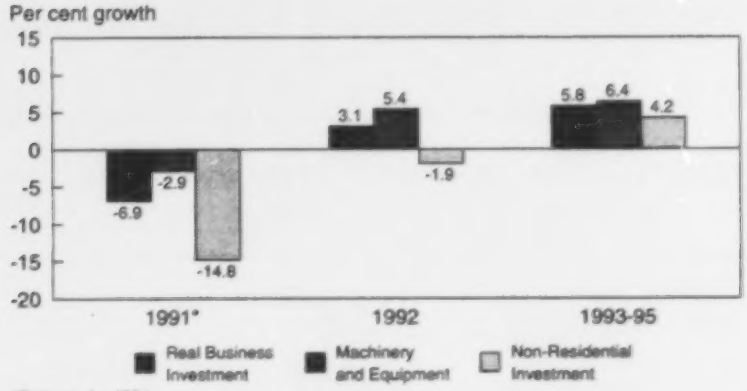
*Estimate for 1991.
** Average Annual 1993-95.
Source: Ontario Ministry of Treasury and Economics.

[1] Socially-assisted housing starts reflect existing programs only.

Modest Recovery in Equipment Investment, Continued Weakness in Plant Construction

Total real business investment in Ontario fell an estimated 6.9 per cent in 1991, but is expected to grow by a modest 3.1 per cent in 1992. The rise in 1992 reflects a 5.4 per cent increase in investment in industrial machinery and equipment, spurred by lower interest rates and competitive pressures. Business spending on machinery and equipment is expected to increase by an average 6.4 per cent per year over the medium term. This is considerably less than the robust 16.5 per cent rate of growth during the 1984-86 period, which relied on significant additions to auto capacity in the province.

Real Business Investment
1991 - 1995



*Estimate for 1991.
Source: Ontario Ministry of Treasury and Economics.

After declining by an estimated 14.8 per cent in 1991, real non-residential construction will decrease by a further 1.9 per cent in 1992. Weakness due to the excess supply of office, retail and industrial property will be partially offset by ongoing construction in the utilities sector. Non-residential construction is expected to rise by an average 4.2 per cent over the 1993-95 period, less than a third of the 13.8 per cent pace during the 1984-86 period. Plant construction is not expected to surpass its 1989 peak during this forecast horizon, held back by high vacancy rates in commercial property and restructuring in the head office and financial services industry.

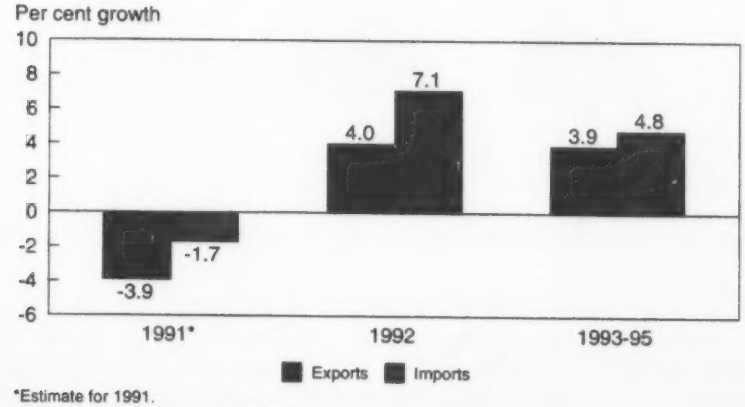
Important factors that will restrain Ontario businesses from substantially increasing investment include the high dollar, sluggish North American demand growth, and low capacity utilization rates. As of the second quarter of 1991, capacity utilization in Canada's manufacturing industries (more than half of which are located in Ontario) was 72.7 per cent, down substantially from the early-1988 high of over 87 per cent.

Another factor limiting an early return to healthy business investment is a record 63 per cent decline in corporate profits since 1989. The high dollar and the greater severity of the recession in the manufacturing and construction industries have hit profits in Ontario hard. Corporate profits appear to have begun a cyclical recovery, with a 10.4 per cent quarterly gain in 1991:2. However, profit levels are projected to remain below previous peak levels over the medium term.

Trade Sector to Remain Weak

In 1991, Ontario's real trade surplus is estimated to have fallen $2.7 billion to $7.3 billion as exports fell more than imports. The U.S. recession and the high value of the dollar led Ontario's real exports to decline 3.9 per cent in 1991. Weak consumer spending and subdued domestic investment account for the estimated 1.7 per cent drop in real imports this year.

Real External Trade
1991 - 1995



*Estimate for 1991.
Source: Ontario Ministry of Treasury and Economics.

In 1992, Ontario's real trade surplus is expected to decline further to only $4.3 billion as import growth outpaces export growth. Real exports are expected to post a gain of only 4.0 per cent next year, limited by the sluggish recovery in the United States. Stronger consumption and increased machinery and equipment investment will support a 7.1 per cent rise in real imports in 1992.

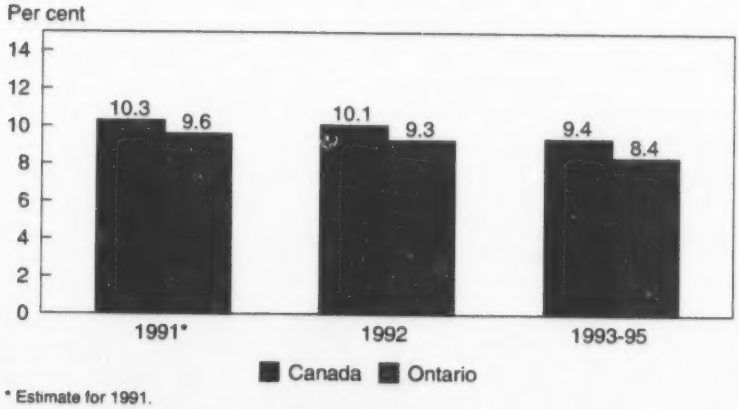
Over the 1993-95 period, Ontario's trade balance is forecast to continue to decline as real exports rise by 3.9 per cent per year, while imports increase at an average 4.8 per cent annual rate. The province's medium-term trade performance will be much weaker than in the 1984-86 period, mainly due to the high dollar, modest U.S. growth, and ongoing restructuring.

Trade growth will be helped by a cyclical recovery in U.S. auto sales. Ontario is expected to maintain its share of North American auto production in the 1990s as the required capacity to meet North American demand is already in place.

Labour Markets to Improve, But Unemployment to Decline Slowly

Total employment is estimated to have fallen by a record 162,000 in 1991, following a decline of 12,000 in 1990. So far this year, Ontario employment has increased by 44,000 from its February 1991 trough, about half the pace of the 1983 recovery. In 1992, employment is forecast to rise by 101,000 with the most rapid recovery likely in residential construction and manufacturing, the sectors hardest hit during the recession.

Canada and Ontario Unemployment Rate
1991 - 1995



* Estimate for 1991.
Source: Ontario Ministry of Treasury and Economics.

In 1991, Ontario's unemployment rate averaged an estimated 9.6 per cent, up from 6.3 per cent in 1990. As a result of the recession, the province's unemployment rate reached a high of 10.2 per cent in June, more than double the low of 4.8 per cent in September 1989. In 1992, the unemployment rate is expected to decline slightly to 9.3 per cent, as the resumption of modest job growth is partially offset by the return of discouraged workers to the labour force.

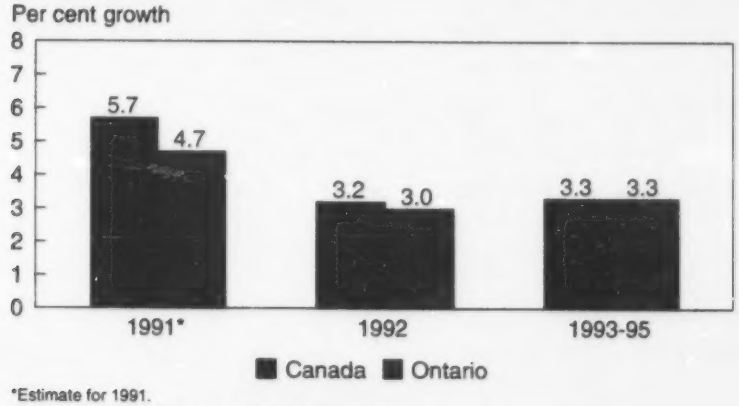
Over the medium term, increased immigration and stronger domestic demand, particularly from an improved housing market, will stimulate job creation to an annual average 2.7 per cent rise (133,000 net new jobs per year). Nevertheless, employment is not likely to regain its pre-recession peak until mid-1993. Furthermore, higher immigration levels and the negative effect of a high dollar on Ontario's export and import-competing sectors will keep the unemployment rate above 8 per cent until 1995.

Inflation Will Continue to Ease

In 1991, the Ontario CPI inflation rate averaged an estimated 4.7 per cent, down slightly from 4.8 per cent in 1990. CPI inflation has eased from the GST-induced high of 5.7 per cent in January to well below 4 per cent in recent months. The moderation in inflation reflects the degree of weakness in the economy caused by the Bank of Canada's anti-inflation policy. The high dollar has also had a substantial moderating impact on inflation.

In 1992, CPI inflation in Ontario is forecast to decline to 3.0 per cent due mainly to the continuing high value of the Canadian dollar, lower mortgage interest costs and lower wage settlements due to high unemployment.

Canada and Ontario CPI Inflation Rate
1991 - 1995



*Estimate for 1991.
Source: Ontario Ministry of Treasury and Economics.

The moderate pace of expansion in the medium term, continuing high unemployment and restrained home prices are forecast to reduce CPI inflation from 3.6 per cent in 1993 to 2.9 per cent in 1995, below the upper end of the Bank of Canada's inflation target range.

The Ontario Economy, 1990-1995

	(per cent change)					
	1990	**1991**	**1992**	**1993**	**1994**	**1995**
Real Gross Domestic Product	-0.8	-1.9	3.8	3.7	3.5	3.4
Consumption	0.4	-0.1	2.8	2.6	2.4	2.5
Government	4.9	5.4	1.6	3.0	2.0	3.0
Residential Construction	-14.7	-14.7	19.8	9.8	8.9	7.9
Non-Residential Construction	-13.7	-14.8	-1.9	4.5	4.8	3.4
Machinery and Equipment	-8.2	-2.9	5.4	6.5	6.8	5.9
Exports	2.1	-3.9	4.0	3.9	3.5	4.3
Imports	-1.8	-1.7	7.1	5.1	4.4	4.8
Nominal Gross Domestic Product	2.0	1.3	6.8	6.8	6.5	6.3
Other Economic Indicators						
Retail Sales *	-0.1	-7.0	5.3	6.0	5.5	5.3
Housing starts (000s)	62.6	54.0	73.0	76.5	79.5	82.5
Personal Income	7.5	3.9	6.2	6.4	6.0	5.8
Pretax Corporate Profits	-31.2	-27.5	50.6	17.0	8.0	7.0
Consumer Price Index						
Canada	4.8	5.7	3.2	3.6	3.3	2.9
Ontario	4.8	4.7	3.0	3.6	3.3	2.9
Labour Market						
Labour Force	1.0	0.3	1.8	2.1	2.2	2.1
Employment	-0.2	-3.3	2.1	2.6	2.6	2.7
Unemployment Rate (per cent)	6.3	9.6	9.3	8.9	8.5	7.9

* Retail sales include Federal Sales Taxes in 1990 but exclude GST from 1991.

Source: Statistics Canada and Ontario Ministry of Treasury and Economics, November 1991.

APPENDICES

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Ontario Labour Market and Compensation Data

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991*
Labour Force											(Jan-Oct)
Ontario Labour Force (000)	4,463	4,502	4,561	4,655	4,758	4,862	4,992	5,118	5,214	5,268	5,286
Annual Labour Force Growth (%)	2.6	0.9	1.3	2.1	2.2	2.2	2.7	2.5	1.9	1.0	0.3
Male Participation Rate (%)	80.4	79.3	78.6	78.5	78.7	78.9	78.9	78.7	78.8	77.8	76.5
Female Participation Rate (%)	55.5	55.9	56.5	57.4	58.1	58.6	59.7	61.0	61.2	61.4	61.0
Youth (15-24) Share of Labour Force (%)	24.9	24.0	23.5	23.1	22.5	22.0	21.6	20.6	20.0	19.1	18.4
Older Worker (45+) Share (%)	28.4	28.3	27.8	27.4	27.6	26.8	26.9	27.0	26.9	27.2	27.2
Employment											
Total Employment in Ontario (000)	4,171	4,063	4,089	4,235	4,377	4,524	4,689	4,862	4,949	4,937	4,776
Annual Employment Growth (%)	2.9	(2.6)	0.6	3.6	3.4	3.4	3.6	3.7	1.8	(0.2)	(3.6)
Male Employment (000)	2,427	2,329	2,322	2,396	2,465	2,541	2,621	2,688	2,730	2,693	2,582
Female Employment (000)	1,744	1,735	1,767	1,839	1,912	1,983	2,067	2,174	2,219	2,244	2,194
Net Job Creation (000)	118	(108)	26	146	142	147	165	173	87	(12)	(180)
Manufacturing Employment (% of total)	24.8	23.4	22.8	23.2	22.8	22.4	22.0	21.1	20.8	19.6	18.7
Services Employment (% of total)	65.1	67.2	67.8	67.6	67.9	68.3	68.4	69.4	69.1	70.6	72.1
Part-Time (% of total)	14.5	15.3	16.0	15.7	15.7	15.5	15.2	15.6	15.5	15.8	16.7
Average Hours Worked Per Week	37.2	37.0	37.4	37.6	37.7	37.7	37.7	38.2	38.6	38.1	37.4
Unemployment											
Total Unemployment in Ontario (000)	292	439	472	420	381	338	304	256	264	331	510
Ontario Unemployment Rate (%)	6.6	9.7	10.3	9.0	8.0	7.0	6.1	5.0	5.1	6.3	9.6
Male Unemployment Rate (%)	6.0	9.7	10.4	8.7	7.6	6.6	5.4	4.5	4.7	6.3	10.1
Female Unemployment Rate (%)	7.4	9.8	10.3	9.5	8.5	7.4	6.9	5.6	5.5	6.3	9.1
Rate in Toronto Area (%)	4.9	8.1	9.0	7.8	6.7	5.5	4.5	3.7	4.0	5.3	9.5
Rate in Northern Ontario (%)	7.8	12.1	12.1	13.6	10.5	11.0	9.8	7.8	7.5	8.2	11.3
Youth (15-24) Unemployment Rate (%)	6.6	9.7	10.3	14.9	13.1	11.5	9.8	8.2	8.0	10.5	15.6
Older Worker (45+) Unemployment Rate (%)	3.7	6.2	6.6	6.1	5.5	4.6	4.5	3.5	3.3	4.1	6.9
Long-Term (27 wks+) Unemployment (% of total)	14.0	16.4	25.8	22.4	19.7	18.0	16.4	12.9	13.3	13.9	21.9
Youth (15-24) Share of Unemployed (% of total)	46.9	42.4	40.5	38.1	36.8	36.7	34.5	34.0	31.8	32.0	29.8
Older Worker (45+) Share (% of total)	16.1	18.0	17.8	18.6	18.9	17.8	19.7	18.8	17.8	17.5	19.4
Average Duration for Youth (weeks)	12.0	13.5	17.1	14.2	12.5	12.3	10.7	8.7	8.6	10.2	13.4
Average Duration for Older Workers (weeks)	18.6	18.5	25.4	25.4	23.7	23.5	22.1	19.9	19.3	18.9	22.3
Unemployment Insurance and Social Assistance											
UI Regular Beneficiaries (000)	141	259	285	241	224	194	166	169	163	222	349
Maximum Weekly Insurable Earnings ($)	315	350	385	425	460	495	530	565	605	640	680
Maximum Weekly Entitlement ($)	189	210	231	255	276	297	318	339	363	384	408
Benefits Paid To Ontario ($Million)	1,258	2,381	2,859	2,517	2,551	2,483	2,387	2,370	2,470	3,419	3,758
Premiums Paid From Ontario ($Million)	1,862	1,816	2,799	3,158	3,574	3,946	4,379	4,804	4,346	5,230	n.a.
Social Assistance Caseload (000)	197	218	247	257	261	268	279	289	306	365	483
Major Layoffs, Strikes and Lockouts											
Major Layoffs (Number of Establishments)	130	235	120	122	116	92	93	97	139	202	186
Number of Workers Affected by Major Layoffs	19,724	46,047	17,213	14,824	13,902	13,503	13,925	13,266	17,526	31,787	21,697
Share of Workers Laid Off Due to Closure (%)	35.0	24.2	38.5	53.1	55.5	60.2	72.6	69.8	72.4	64.7	61.4
Person Days Lost due to Strikes and Lockouts(000)	2,259	2,207	760	1,414	1,232	941	1,109	1,362	869	2,958	403
Compensation											
Average Weekly Earnings ($)	327.04	358.97	373.65	390.09	407.25	422.45	441.68	466.04	492.28	520.04	546.88
AWE Increase (%)	11.7	9.8	4.1	4.4	4.4	3.7	4.6	5.5	5.6	5.6	6.1
CPI Inflation (%)	12.0	10.7	6.2	4.9	4.1	4.4	5.1	4.7	5.8	4.8	4.7
AWE Increase Less CPI Inflation (%)	(0.3)	(0.9)	(2.1)	(0.5)	0.3	(0.7)	(0.5)	0.8	(0.2)	0.8	0.9
AWE - Manufacturing ($)	358.38	396.19	428.61	450.98	475.26	492.16	509.02	531.22	559.09	595.31	625.23
AWE - Manufacturing Increase (%)	12.1	10.6	8.2	5.2	5.4	3.6	3.4	4.4	5.2	6.5	5.8
AWE - Manufacturing Less CPI Inflation (%)	0.1	(0.1)	2.0	0.3	1.3	(0.8)	(1.7)	(0.3)	(0.6)	1.7	0.6
Collective Bargaining Settlements											
- 500+ (% Increase)	12.3	10.4	6.2	4.5	5.1	4.4	4.9	5.3	6.5	6.7	6.0
- Public (% Increase)	12.7	11.9	6.2	5.4	5.2	5.0	4.9	5.0	6.5	7.0	6.2
- Private (% Increase)	11.2	8.9	6.0	4.0	4.7	3.7	4.8	5.6	6.4	6.6	5.1
Minimum Wage at Year End ($/hour)	3.50	3.50	3.50	4.00	4.00	4.35	4.55	4.75	5.00	5.40	6.00

* Preliminary, some figures less than 10 months. Unemployment Benefits paid to Ontario, Layoff, and Strike and Lockout data are cumulative.

Ontario Employment by Sector, 1983 to 1990
Annual Averages (000s)

Sectors[a]	1983	1984	1985	1986	1987	1988	1989	1990
Physical & Social Infrastructure	979	997	1,019	1,046	1,077	1,091	1,127	1,157
Knowledge-based	328	327	340	337	369	359	384	363
Business Services	282	300	319	337	334	372	376	371
Construction	168	173	196	209	213	208	224	206
Automotive	215	221	225	238	242	239	248	237
Industrial Materials	301	280	288	302	294	297	296	266
Resource-based	121	115	113	118	118	118	118	109
Consumer Products & Distribution	551	574	585	591	624	650	654	629
Tourism & Hospitality	283	283	301	335	358	323	327	315
Agriculture[b] & Food	328	314	323	316	327	321	331	313
Other	288	304	320	332	332	328	325	313
Total	**3,843**	**3,888**	**4,029**	**4,161**	**4,289**	**4,306**	**4,407**	**4,277**

a Composition of sectors explained in text.
b Labour Force Survey.
Source: Statistics Canada: Employment, Earnings and Hours. 72-002, Ministry of Treasury and Economics.

Share of Employment by Sectors, Ontario, 1983 to 1990
Annual Averages (per cent)

Sectors	1983	1984	1985	1986	1987	1988	1989	1990
Physical & Social Infrastructure	25.5	25.6	25.3	25.1	25.1	25.3	25.6	27.0
Knowledge-based	8.5	8.4	8.5	8.1	8.6	8.3	8.7	8.5
Business Services	7.3	7.7	7.9	8.1	7.8	8.6	8.5	8.7
Construction	4.4	4.4	4.9	5.0	5.0	4.8	5.1	4.8
Automotive	5.6	5.7	5.6	5.7	5.7	5.5	5.6	5.5
Industrial Materials	7.8	7.2	7.1	7.3	6.8	6.9	6.7	6.2
Resource-based	3.2	3.0	2.8	2.8	2.8	2.7	2.7	2.5
Consumer Products & Distribution	14.3	14.8	14.5	14.2	14.6	15.1	14.8	14.7
Tourism & Hospitality	7.4	7.3	7.5	8.1	8.3	7.5	7.4	7.4
Agriculture[a] & Food	8.5	8.1	8.0	7.6	7.6	7.4	7.5	7.3
Other	7.5	7.8	8.0	8.0	7.7	7.6	7.4	7.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

a Labour Force Survey
Source: Statistics Canada: Employment, Earnings and Hours, Ministry of Treasury and Economics.

Employment/Population Ratio by Geographic Region, Ontario, Annual Averages, 1984 to 1990

	1984	1985	1986	1987	1988	1989	1990
	per cent						
Ontario	61.5	62.6	63.7	64.8	66.1	66.3	65.0
Eastern	61.3	60.9	62.3	63.9	65.6	64.2	63.4
Central	63.0	64.3	65.4	66.7	67.6	67.9	66.7
Southwestern	60.2	60.3	62.4	62.4	64.8	65.7	62.8
Northeastern	51.4	55.7	54.2	53.8	55.1	56.2	56.2
Northwestern	58.7	60.5	59.4	60.8	63.4	61.6	62.4

Unemployment Rates by Geographic Region, Ontario, Annual Averages, 1984 to 1990

	1984	1985	1986	1987	1988	1989	1990
	per cent						
Ontario	9.0	8.0	7.0	6.1	5.0	5.1	6.3
Eastern	9.0	8.6	7.7	6.9	5.6	6.1	6.4
Central	8.5	7.5	6.3	5.3	4.5	4.5	5.9
Southwestern	8.9	8.4	7.2	6.9	5.5	5.3	7.0
Northeastern	14.9	10.7	11.2	10.6	8.6	8.1	9.0
Northwestern	9.7	10.2	10.6	7.7	6.1	5.9	6.5

Source: Statistics Canada, Labour Force Survey, special tabulations.

Employment/Population Ratio by Census Metropolitan Area, Ontario, Annual Averages, 1981 to 1990

	Employment/Population Ratio									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
	per cent									
Ottawa-Hull	66.5	63.4	64.1	63.6	65.0	65.4	66.8	69.7	67.8	67.8
Sudbury	55.8	48.4	50.0	49.7	50.7	53.6	54.6	55.5	57.4	57.8
Oshawa	60.0	58.8	61.0	61.9	66.2	68.0	68.4	68.9	69.9	68.5
Toronto	68.1	65.3	64.5	65.2	66.6	67.6	68.7	68.9	69.4	67.9
Hamilton	61.7	58.5	56.8	60.4	59.4	62.7	65.5	66.2	66.8	66.8
St. Catharines-Niagara	58.6	53.2	51.7	56.2	55.9	54.5	56.9	58.9	56.3	59.9
London	62.5	61.7	62.0	62.7	62.0	64.7	65.2	66.9	67.9	65.2
Windsor	52.0	53.4	52.5	57.8	56.2	57.4	58.7	61.9	62.8	60.0
Kitchener-Waterloo	66.2	66.3	64.7	64.8	67.6	67.9	67.6	70.6	72.1	68.9
Thunder Bay	55.7	56.7	58.3	55.6	60.8	60.5	62.3	62.4	61.4	61.5
Cornwall	-	-	-	-	-	59.4	59.3	66.0	65.5	56.2
Kingston	-	-	-	-	-	62.7	62.2	65.1	65.8	62.0
Peterborough	-	-	-	-	-	56.7	59.2	58.6	59.7	54.2
Guelph	-	-	-	-	-	67.0	67.0	67.5	66.4	68.2
Brantford	-	-	-	-	-	62.0	61.6	64.1	68.5	64.4
Sarnia	-	-	-	-	-	60.2	62.1	60.4	62.8	56.8
Sault Ste. Marie	-	-	-	-	-	53.3	52.7	52.5	58.9	57.3
North Bay	-	-	-	-	-	54.6	57.8	59.0	59.2	58.5

Unemployment Rates by Census Metropolitan Area, Ontario, Annual Averages, 1981-1990

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
	per cent									
Ottawa-Hull	7.1	8.3	8.4	8.5	8.3	8.4	7.3	5.0	6.0	5.9
Sudbury	8.6	18.9	14.8	15.5	13.5	11.4	11.5	9.8	7.9	8.2
Oshawa	7.5	11.5	10.5	8.1	7.2	6.1	6.4	5.2	4.1	7.0
Toronto	4.9	8.1	9.0	7.8	6.7	5.5	4.5	3.7	4.0	5.3
Hamilton	6.4	11.7	11.9	9.6	8.8	6.9	6.3	5.7	5.1	6.3
St. Catharines-Niagara	9.6	13.7	15.7	10.2	10.7	9.8	9.3	6.4	7.2	7.4
London	7.0	9.4	9.6	7.6	8.8	7.1	7.1	4.4	4.2	5.9
Windsor	11.5	13.7	14.3	10.9	8.4	8.1	9.3	7.9	8.1	8.9
Kitchener-Waterloo	8.1	10.0	9.9	8.2	7.2	5.9	5.8	5.1	4.9	6.5
Thunder Bay	...	11.3	11.4	10.0	10.7	10.4	8.2	6.1	...	7.8

Notes: Data for 1981 to 1983 are based on 1971 boundaries; from 1984 on data are based on 1981 boundaries.
... indicates variability of more than 33.3 percent and/or is less than 4,000.

Source: Statistics Canada, Labour Force Survey.

Employment by Occupation and Geographic Region
Annual Averages, Ontario, 1984 to 1990

	1984	1985	1986	1987	1988	1989	1990
Ontario							
All Occupations (000's)	4,234	4,376	4,524	4,688	4,862	4,950	4,935
Share of total Employment in Region (%)							
Managerial	27.7	28.9	28.6	29.3	30.2	29.9	30.8
Clerical	17.5	17.4	16.7	17.0	17.4	17.2	17.3
Sales	9.6	9.1	9.7	9.3	9.5	9.3	9.8
Service	13.0	13.3	13.0	12.6	12.4	12.2	12.3
Primary	3.8	3.6	3.3	3.2	3.1	3.1	2.9
Processing	16.1	15.4	15.6	15.2	14.6	15.1	14.1
Construction	4.9	4.9	5.4	5.6	5.5	6.0	5.9
Transportation	3.3	3.5	3.4	3.6	3.4	3.6	3.5
Materials Handling	3.9	3.9	4.3	4.1	3.8	3.7	3.4
Eastern Ontario							
All Occupations (000's)	584	589	611	637	669	664	669
Share of total Employment in Region (%)							
Managerial	32.0	35.0	34.3	34.3	35.8	34.9	36.5
Clerical	19.3	16.6	16.7	16.1	17.5	16.5	16.4
Sales	8.4	8.7	9.0	8.6	8.7	8.0	8.8
Service	13.9	14.8	14.4	14.3	13.8	14.7	13.8
Primary	4.1	3.7	3.9	4.5	3.1	2.7	3.1
Processing	11.0	9.3	9.8	9.4	9.7	9.8	9.4
Construction	5.0	5.3	5.1	5.6	5.7	5.9	5.7
Transportation	3.6	3.4	3.4	3.8	3.3	4.1	3.3
Materials Handling	2.7	3.2	3.4	3.1	2.5	3.3	3.0
Central Ontario							
All Occupations (000's)	2,743	2,854	2,963	3,092	3,193	3,268	3,268
Share of total Employment in Region (%)							
Managerial	28.6	29.6	29.1	30.1	30.9	30.7	31.3
Clerical	18.4	18.4	17.6	17.9	18.5	18.1	18.2
Sales	9.8	9.3	10.0	9.8	9.7	9.7	10.3
Service	12.4	12.6	12.1	11.5	11.5	11.1	11.4
Primary	2.3	1.9	1.9	1.7	1.9	1.9	1.8
Processing	16.6	16.0	16.2	15.9	14.9	15.6	14.4
Construction	4.7	4.6	5.3	5.5	5.2	5.8	5.8
Transportation	2.9	3.4	3.2	3.5	3.3	3.2	3.3
Materials Handling	4.3	4.2	4.6	4.4	4.2	3.8	3.5
Southwestern Ontario							
All Occupations (000's)	589	594	619	625	658	674	651
Share of total Employment in Region (%)							
Managerial	23.5	22.8	23.1	24.0	24.4	24.0	25.3
Clerical	12.9	14.2	13.9	14.4	13.9	14.9	14.6
Sales	10.0	8.9	9.0	8.6	9.7	9.2	8.9
Service	13.4	13.5	13.4	13.9	13.2	13.1	13.1
Primary	8.7	8.8	7.3	6.7	6.8	6.8	6.1
Processing	19.6	20.1	19.7	19.0	19.0	18.6	18.3
Construction	4.9	4.9	5.5	5.4	5.8	6.0	6.0
Transportation	3.6	3.4	3.9	3.7	3.3	4.0	4.1
Materials Handling	3.6	3.7	4.2	4.2	4.0	3.7	3.5
Northeastern Ontario							
All Occupations (000's)	222	237	230	229	232	236	237
Share of total Employment in Region (%)							
Managerial	20.0	23.5	23.0	21.0	23.2	23.6	24.8
Clerical	15.5	15.1	14.3	14.8	14.6	15.2	15.1
Sales	8.6	9.2	9.6	8.3	8.6	8.4	8.4
Service	16.4	16.0	17.8	17.5	17.2	16.0	16.8
Primary	8.6	8.4	8.7	8.3	7.7	6.8	6.3
Processing	15.0	12.6	13.0	14.8	14.2	13.5	12.6
Construction	6.8	6.3	6.1	7.4	6.9	8.0	7.6
Transportation	5.9	4.6	3.9	4.4	4.3	4.6	5.0
Materials Handling	4.1	3.8	3.5	3.5	3.0	3.4	2.9
Northwestern Ontario							
All Occupations (000's)	99	102	99	104	109	107	110
Share of total Employment in Region (%)							
Managerial	20.2	23.5	24.8	26.9	27.3	25.2	26.4
Clerical	15.2	15.7	14.9	15.4	13.6	15.0	14.5
Sales	8.1	7.8	8.9	7.7	8.2	8.4	9.1
Service	17.2	16.7	15.8	17.3	14.5	15.0	17.3
Primary	5.1	5.9	5.9	6.7	8.2	8.4	7.3
Processing	15.2	15.7	13.9	11.5	12.7	13.1	10.9
Construction	8.1	5.9	5.9	5.8	5.5	6.5	6.4
Transportation	6.1	4.9	4.0	4.8	5.5	4.7	4.5
Materials Handling	5.1	3.9	4.0	3.8	3.6	3.7	3.6

Source: Statistics Canada, Labour Force Survey.

Exports by Ontario and Canada, 1981 to 1990

Year	Ontario		Canada	
	Exports	% Change	Exports	% Change
	$ millions		$ millions	
1981	34,042	15.4	83,698	10.2
1982	36,842	8.2	84,403	0.8
1983	41,706	13.2	90,964	7.8
1984	55,202	32.4	112,495	23.7
1985	59,382	7.6	119,241	6.0
1986	62,593	5.4	120,495	1.1
1987	61,044	-2.5	125,087	3.8
1988	67,376	10.4	137,695	10.1
1989	67,425	0.1	137,284	-0.3
1990	74,414	10.4	148,170	7.9

Source: Statistics Canada.

Exports by Ontario and Canada to Major Regions, 1990

Region	Ontario		Canada	
	Exports	%	Exports	%
United States	64,358	86.5	111,202	75.1
Western Europe	5,271	7.1	14,289	9.6
- EEC	3,710	5.0	11,981	8.1
- Other W. Europe	1,562	2.1	2,308	1.6
Eastern Europe	113	–	1,318	0.1
Asia/Pacific Rim	3,125	4.2	16,206	10.9
- Pacific Rim	2,986	4.0	15,651	10.6
- South Asia	131	0.2	521	0.4
- Other Asia	8	–	34	–
Latin America and Caribbean[b]	900	1.2	2,670	1.8
Middle East	320	0.4	1,425	1.0
Africa	328	0.4	1,062	0.7
Total[a]	74,414	100.0	148,170	100.0

[a] Figures may not add due to rounding.

[b] Latin American and Caribbean = South America, Central America & Antilles.

Source: Statistics Canada.

Ontario Exports: Top 25 Commodities[a], 1990

Product	Exports ($ millions)	Share of 1990 Exports
Motor Car/Vehicles for Transport of People	15,216	20.4
Motor Vehicles for Transport of Goods	7,005	9.4
Motor Vehicle Parts & Accessories	6,623	8.9
Gold (Unwrought/Semi-Manufactured/Powder)	2,022	2.7
Parts & Accessories for Office Machinery & Computers	1,566	2.1
Newsprint in Rolls or Sheets	1,442	1.9
Internal Combustion Piston Engines	1,419	1.9
Aircraft & Spacecraft Parts	1,048	1.4
Chemical Wood Pulp, Soda, or Sulphate	836	1.1
Printed Circuits	814	1.1
Electrical Apparatus for Line Telephony/Telegraphy	783	1.1
Seats (Other than Medical or Barbers')	771	1.0
Electronic Integrated Circuits & Microassemblies	718	1.0
Automatic Data Processing Machines	667	0.9
Powered Aircraft, Spacecraft & Launch Vehicles	637	0.9
Wood Sawn/Chipped Lengthwise Exceeding 6MM	630	0.8
Products of Nickel Metallurgy	614	0.8
Nickel (Unwrought)	585	0.8
Engine Parts	578	0.8
Petroleum Oils (Bituminous)	563	0.8
Rail Locomotives (Diesel-Electric)	472	0.6
Flat-Rolled Iron/Non-Alloy Steel of Width 600MM+	455	0.6
Unwrought Refined Copper & Copper Alloys	420	0.6
Furniture & Furniture Parts	386	0.5
Hydrocarbons	362	0.5
Top 25 Commodities	**46,631**	**62.7**
Total Exports	**74,414**	**100.0**

[a] Commodities are 4-digit H.S. Codes

Source: Statistics Canada.

Value of New Construction in Ontario by Regions, 1984-1990							
	1984	1985	1986	1987	1988	1989	1990
Total Construction							
current $,000s	6,274,317	8,392,642	11,359,496	14,833,699	17,280,780	20,031,168	14,061,612
% change		33.8	35.4	30.6	16.5	15.9	-29.8
Regional shares (%)							
Eastern	19.1	15.5	11.4	12.2	11.7	12.4	12.9
Central	68.2	72.4	76.6	75.0	74.5	74.2	70.8
Southwestern	8.1	8.3	8.4	8.8	9.9	8.6	10.7
Northeastern	3.1	2.5	2.4	2.8	2.9	3.5	4.3
Northwestern	1.6	1.3	1.2	1.3	1.0	1.3	1.3
Residential							
current $,000s	3,360,634	4,886,404	6,648,867	9,377,574	10,564,537	11,195,029	7,444,713
% change		45.4	36.1	41.0	12.7	6.0	-33.5
Regional shares (%)							
Eastern	20.3	16.9	12.2	12.2	11.7	10.8	14.5
Central	67.9	70.8	75.6	75.6	74.9	75.1	68.1
Southwestern	7.0	8.4	8.6	8.5	9.6	10.1	11.4
Northeastern	3.0	2.6	2.4	2.6	2.8	3.1	4.5
Northwestern	1.7	1.3	1.2	1.1	1.1	0.9	1.4
Non-Residential							
current $,000s	2,913,683	3,506,238	4,710,629	5,456,125	6,716,243	8,836,139	6,616,899
% change		20.3	34.3	15.8	23.1	31.6	-25.1
Regional shares (%)							
Eastern	17.6	13.4	10.1	12.1	11.8	14.5	11.0
Central	68.4	74.7	78.0	73.9	73.9	73.0	73.9
Southwestern	9.4	8.1	8.2	9.3	10.5	6.8	9.8
Northeastern	3.1	2.4	2.6	3.1	3.0	4.0	4.1
Northwestern	1.4	1.4	1.1	1.6	0.9	1.7	1.2

Source: SHARC - Survey Of Municipalities Conducted by Statistics Canada, Ministry of Treasury and Economics.

Gross Domestic Product

	Canada						Ontario					
	Nominal GDP		GDP Deflator		Real GDP		Nominal GDP		GDP Deflator		Real GDP	
	$ Million	% Change	86=100	% Change	86$ Million	% Change	$ Million	% Change	86=100	% Change	86$ Million	% Change
1975	171,540		49.0		350,113		68,164	10.7	49.7		137,227	
1976	197,924	15.4	53.3	8.7	371,688	6.2	78,188	14.7	53.4	7.5	146,481	6.7
1977	217,879	10.1	56.6	6.2	385,122	3.6	84,662	8.3	55.8	4.6	151,654	3.5
1978	241,604	10.9	60.0	6.0	402,737	4.6	92,414	9.2	58.7	5.1	157,443	3.8
1979	276,096	14.3	66.0	10.0	418,328	3.9	104,363	12.9	64.7	10.2	161,308	2.5
1980	309,891	12.2	73.0	10.6	424,537	1.5	114,994	10.2	71.5	10.6	160,777	-0.3
1981	355,994	14.9	80.9	10.8	440,127	3.7	131,831	14.6	78.9	10.3	167,162	4.0
1982	374,442	5.2	87.9	8.7	425,970	-3.2	137,310	4.2	85.5	8.4	160,702	-3.9
1983	405,717	8.4	92.3	5.0	439,448	3.2	151,945	10.7	90.6	6.0	167,691	4.3
1984	444,735	9.6	95.2	3.1	467,167	6.3	171,499	12.9	93.8	3.6	182,755	9.0
1985	477,988	7.5	97.7	2.6	489,437	4.8	183,561	7.0	96.2	2.5	190,881	4.4
1986	505,666	5.8	100.0	2.4	505,666	3.3	202,710	10.4	100.0	4.0	202,710	6.2
1987	551,597	9.1	104.7	4.7	526,730	4.2	224,257	10.6	105.7	5.7	212,098	4.6
1988	605,147	9.7	109.7	4.0	551,423	4.7	252,887	12.8	111.8	5.7	226,213	6.7
1989	649,102	7.3	114.9	4.7	564,990	2.5	272,298	7.7	118.0	5.5	230,835	2.0
1990	671,577	3.5	118.3	3.0	567,541	0.5	277,740	2.0	121.3	2.8	228,947	-0.8
1991	688,842	2.6	122.4	3.4	562,773	-0.8	281,212	1.3	125.2	3.2	224,543	-1.9
1992	734,740	6.7	126.1	3.0	582,585	3.5	300,435	6.8	128.9	2.9	233,132	3.8
1993	782,931	6.6	129.9	3.0	602,715	3.5	320,898	6.8	132.7	3.0	241,758	3.7
1994	833,231	6.4	133.7	2.9	623,359	3.4	341,794	6.5	136.6	2.9	250,243	3.5
1995	884,622	6.2	137.4	2.8	643,781	3.3	363,381	6.3	140.4	2.8	258,802	3.4

Sources: National Accounts.
Ontario Economic Accounts, October 1991. Forecasts from Ontario Ministry of Treasury and Economics.

Labour Market

	Canada							Ontario						
	Labour Force		Employment		Unemployment		Unemployment Rate (%)	Labour Force		Employment		Unemployment		Unemployment Rate (%)
	000's	%	000's	%	000's	%		000's	%	000's	%	000's	%	
1975	9,974		9,284		690		6.9	3,818		3,576		242		6.3
1976	10,203	2.3	9,477	2.1	726	5.2	7.1	3,882	1.7	3,643	1.9	239	-1.2	6.2
1977	10,500	2.9	9,651	1.8	849	16.9	8.1	3,986	2.7	3,708	1.8	278	16.3	7.0
1978	10,895	3.8	9,987	3.5	908	6.9	8.3	4,133	3.7	3,835	3.4	298	7.2	7.2
1979	11,231	3.1	10,395	4.1	836	-7.9	7.4	4,271	3.3	3,993	4.1	278	-6.7	6.5
1980	11,573	3.0	10,708	3.0	865	3.5	7.5	4,350	1.8	4,053	1.5	297	6.8	6.8
1981	11,899	2.8	11,001	2.7	898	3.8	7.5	4,463	2.6	4,171	2.9	292	-1.5	6.6
1982	11,926	0.2	10,618	-3.5	1,308	45.7	11.0	4,502	0.9	4,063	-2.6	439	50.1	9.7
1983	12,109	1.5	10,675	0.5	1,434	9.6	11.8	4,561	1.3	4,089	0.6	472	7.6	10.3
1984	12,316	1.7	10,932	2.4	1,384	-3.5	11.2	4,655	2.1	4,235	3.6	420	-11.0	9.0
1985	12,532	1.8	11,221	2.6	1,311	-5.3	10.5	4,758	2.2	4,377	3.4	381	-9.3	8.0
1986	12,746	1.7	11,531	2.8	1,215	-7.3	9.5	4,862	2.2	4,524	3.4	338	-11.3	7.0
1987	13,011	2.1	11,861	2.9	1,150	-5.3	8.8	4,992	2.7	4,689	3.6	304	-10.2	6.1
1988	13,275	2.0	12,245	3.2	1,031	-10.4	7.8	5,118	2.5	4,862	3.7	256	-15.7	5.0
1989	13,503	1.7	12,486	2.0	1,017	-1.3	7.5	5,214	1.9	4,949	1.8	265	3.5	5.1
1990	13,681	1.3	12,572	0.7	1,109	9.0	8.1	5,268	1.0	4,937	-0.2	331	24.9	6.3
1991	13,770	0.7	12,352	-1.8	1,418	27.9	10.3	5,282	0.3	4,776	-3.3	506	53.0	9.6
1992	13,976	1.5	12,561	1.7	1,415	-0.2	10.1	5,376	1.8	4,877	2.1	499	-1.4	9.3
1993	14,230	1.8	12,840	2.2	1,390	-1.8	9.8	5,490	2.1	5,004	2.6	486	-2.6	8.9
1994	14,515	2.0	13,150	2.4	1,365	-1.8	9.4	5,610	2.2	5,135	2.6	475	-2.3	8.5
1995	14,805	2.0	13,470	2.4	1,335	-2.2	9.0	5,730	2.1	5,275	2.7	455	-4.2	7.9

Source: Statistics Canada. Forecasts from Ontario Ministry of Treasury and Economics.

Consumer Price Index

	Canada		Ontario	
	Index (86=100)	% Change	Index (86=100)	% Change
1975	44.2			
1976	47.5	7.5		
1977	51.3	8.0		
1978	55.9	9.0		
1979	61.0	9.1	60.4	
1980	67.2	10.2	66.6	10.3
1981	75.5	12.4	74.6	12.0
1982	83.7	10.9	82.6	10.7
1983	88.5	5.7	87.7	6.2
1984	92.4	4.4	92.0	4.9
1985	96.0	3.9	95.8	4.1
1986	100.0	4.2	100.0	4.4
1987	104.4	4.4	105.1	5.1
1988	108.6	4.0	110.0	4.7
1989	114.0	5.0	116.4	5.8
1990	119.5	4.8	122.0	4.8
1991	126.2	5.7	127.7	4.7
1992	130.3	3.2	131.5	3.0
1993	134.9	3.6	136.3	3.6
1994	139.4	3.3	140.7	3.3
1995	143.4	2.9	144.8	2.9

Source: Statistics Canada. Forecasts from Ontario Ministry of Treasury and Economics.

Corporate Profits Before Taxes

	Canada		Ontario	
	$ Million	% Change	$ Million	% Change
1975	20,003		8,023	
1976	20,924	4.6	8,242	2.7
1977	22,045	5.4	8,177	-0.8
1978	26,891	22.0	9,915	21.3
1979	35,984	33.8	12,978	30.9
1980	39,795	10.6	14,099	8.6
1981	37,654	-5.4	14,169	0.5
1982	26,848	-28.7	8,944	-36.9
1983	37,072	38.1	13,557	51.6
1984	45,855	23.7	17,656	30.2
1985	49,490	7.9	19,116	8.3
1986	45,355	-8.4	21,293	11.4
1987	56,571	24.7	24,988	17.4
1988	62,692	10.8	30,635	22.6
1989	59,965	-4.3	28,858	-5.8
1990	45,145	-24.7	19,855	-31.2
1991	N/A	N/A	14,387	-27.5
1992	N/A	N/A	21,672	50.6
1993	N/A	N/A	25,357	17.0
1994	N/A	N/A	27,385	8.0
1995			29,302	7.0

Sources: Statistics Canada.
Ontario Economic Accounts, October 1991. Forecasts from Ontario Ministry of Treasury and Economics.

Personal Income

	Canada		Ontario	
	$ Million	% Change	$ Million	% Change
1975	138,578		55,167	
1976	158,127	14.1	62,556	13.4
1977	174,838	10.6	68,598	9.7
1978	195,163	11.6	75,832	10.5
1979	219,467	12.5	84,607	11.6
1980	248,890	13.4	94,411	11.6
1981	293,215	17.8	110,033	16.5
1982	324,837	10.8	122,443	11.3
1983	343,052	5.6	131,947	7.8
1984	372,239	8.5	146,193	10.8
1985	400,199	7.5	156,293	6.9
1986	427,262	6.8	169,608	8.5
1987	461,191	7.9	186,967	10.2
1988	506,589	9.8	208,460	11.5
1989	548,989	8.4	227,910	9.3
1990	590,168	7.5	245,049	7.5
1991	N/A	N/A	254,711	3.9
1992	N/A	N/A	270,396	6.2
1993	N/A	N/A	287,714	6.4
1994	N/A	N/A	305,016	6.0
1995	N/A	N/A	322,790	5.8

Sources: Statistics Canada.
Ontario Economic Accounts, October 1991. Forecasts from Ontario Ministry of Treasury and Economics.

Retail Sales*

		Canada		Ontario	
		$ Million	% Change	$ Million	% Change
Old Survey	1975	51,361.5		19,151.0	
	1976	57,127.6	11.2	21,057.0	10.0
	1977	61,622.7	7.9	22,718.9	7.9
	1978	68,778.6	11.6	25,186.3	10.9
	1979	77,025.1	12.0	27,515.3	9.2
	1980	84,026.6	9.1	29,666.2	7.8
New Survey	1981	102,961.2	N/A	36,375.8	N/A
	1982	106,614.5	3.5	38,345.4	5.4
	1983	116,009.9	8.8	42,567.4	11.0
	1984	126,751.3	9.3	46,888.9	10.2
	1985	141,346.3	11.5	52,870.7	12.8
	1986	152,880.4	8.2	57,615.8	9.0
	1987	167,939.0	9.8	63,670.5	10.5
	1988	180,545.3	7.5	68,578.5	7.7
	1989	188,160.1	4.2	71,327.0	4.0
	1990	191,520.1	1.8	71,251.0	-0.1
	1991	N/A	N/A	66,275.0	-7.0
	1992	N/A	N/A	69,758.0	5.3
	1993	N/A	N/A	73,944.0	6.0
	1994	N/A	N/A	78,011.0	5.5
	1995	N/A	N/A	82,145.0	5.3

* Including Federal Sales Tax in 1975-1990, but excluding GST from 1991.
Source: Statistics Canada. Forecasts from Ontario Ministry of Treasury and Economics.

Housing Starts

	Canada		Ontario	
	Units	% Change	Units	% Change
1975	231,456		79,968	
1976	273,203	18.0	84,682	5.9
1977	245,724	-10.1	79,130	-6.6
1978	227,667	-7.3	71,710	-9.4
1979	197,049	-13.4	56,887	-20.7
1980	158,601	-19.5	40,127	-29.5
1981	177,973	12.2	50,161	25.0
1982	125,860	-29.3	38,508	-23.2
1983	162,645	29.2	54,939	42.7
1984	134,900	-17.1	48,171	-12.3
1985	165,826	22.9	64,871	34.7
1986	199,785	20.5	81,470	25.6
1987	245,986	23.1	105,213	29.1
1988	222,562	-9.5	99,924	-5.0
1989	215,382	-3.2	93,337	-6.6
1990	181,630	-15.7	62,649	-32.9
1991	N/A	N/A	54,000	-13.8
1992	N/A	N/A	73,000	35.2
1993	N/A	N/A	76,500	4.8
1994	N/A	N/A	79,500	3.9
1995	N/A	N/A	82,500	3.8

Source: Canada Mortgage & Housing Corporation. Forecasts from Ontario Ministry of Treasury and Economics.

Population

	Canada		Ontario	
	000's	% Change	000's	% Change
1975	22,697.1		8,172.2	
1976	22,992.6	1.3	8,264.5	1.1
1977	23,272.8	1.2	8,353.1	1.1
1978	23,517.0	1.0	8,439.6	1.0
1979	23,747.3	1.0	8,501.3	0.7
1980	24,042.5	1.2	8,569.7	0.8
1981	24,341.7	1.2	8,624.7	0.6
1982	24,583.1	1.0	8,702.5	0.9
1983	24,787.2	0.8	8,798.0	1.1
1984	24,978.2	0.8	8,901.7	1.2
1985	25,165.4	0.7	9,006.4	1.2
1986	25,353.0	0.7	9,113.0	1.2
1987	25,617.3	1.0	9,265.0	1.7
1988	25,909.2	1.1	9,431.1	1.8
1989	26,240.3	1.3	9,589.6	1.7
1990	26,602.6	1.4	9,743.3	1.6
1991	26,991.6	1.5	9,906.4	1.7
1992	27,254.8	1.0	10,049.5	1.4
1993	27,609.5	1.3	10,217.7	1.7
1994	26,956.6	1.3	10,389.4	1.7
1995	28,295.9	1.2	10,564.6	1.7

Source: Statistics Canada, June 1 data. Projections for Ontario from Ontario Ministry of Treasury and Economics.